

“Assessing the Challenges and Prospects of Deposit Mobilization in Bunna Bank: A Case Study of Selected Branches in East Addis Ababa District”

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Approval sheet

The thesis attached hereto, entitled “Analyzing the Trends and Practices of Deposit Mobilization: Challenges and Prospects in the Case of Bunna Bank East Addis Ababa District Branches”, prepared and submitted by Fikremariam Abebe, in partial completion of the requirements for the degree of Master of Arts in Public Administration and Development Management ,is hereby accepted.

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List of Acronyms and Abbreviations

- ❖ BB-----Bunna Bank
- ❖ NBE — National bank of Ethiopia
- ❖ EAAD----East Addis Ababa District
- ❖ ATM-----Automated Teller Machine
- ❖ RTGS----Real Time Growth Settlement
- ❖ POS- ----Point on Sale
- ❖ IFB-----Interest Free Banking
- ❖ FTD-----Fixed Time Deposit
- ❖ GDP- Gross domestic product
- ❖ ICT--- Information communication technology
- ❖ GNP-- Gross National Product
- ❖ CBE—Commercial Bank of Ethiopia
- ❖ MFI—Micro Finance Institution
- ❖ IBA—interest Bearing Account
- ❖ NBI—Non-interest Bearing Account
- ❖ BOA---bank of abyssinia
- ❖ SC----Share company
- ❖ TD----Term Deposit
- ❖ DDA—Demand Deposit Account
- ❖ Chq---Cheque
- ❖ CDS-Certificate of Deposit
- ❖ AIB---Awash International Bank

ABSTRACT

In this study, the primary aim of this project was to Assessing the Challenges and Prospects of Deposit Mobilization in Bunna Bank selected branches in East Addis Ababa District. The panel data covered the period from 2018-2023 and using Primary data from 30 sampled respondents of experienced employee of the bank. Descriptive method design approaches were adopted for the study and none probability sampling techniques or purposive sampling used to collect data. This study data collection depended on both primary and secondary data. Primary data obtained through quaternary and secondary data collected from panel data and document review. The key finding was that shows the challenges for deposit mobilization in Bunna bank, The survey identified that, Competition in the banking industry ,cumbersome (complicated) account opening procedure and process , Service delay and duplication, inadequate provision of loans to customers, Poor Customer Service, Less Availability and functional modern ICT facilities, Time consuming loan application process, Location of the branch are inconvenient for customers, poor service delivery and inflation, political instability, and unstable economic conditions are the major challenges for banks deposit mobilization. Finally the management must look, client handling culture and services right the first time improving service quality standard of the bank to introduce to which will enhance deposit mobilization and should prepare for competition that will arise from local bank.

Keywords: *Deposit mobilization, challenges of deposit mobilization, East Addis Ababa District.*

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Deposit mobilization for a bank is as vital as oxygen for humans, claim Banson et al. (2012). One of the primary responsibilities of the banking industry is deposit mobilization, which makes it a crucial source of working capital. The process by which a financial institution gathers money from the general public through current, savings, fixed, recurring, and other bank-specific programs is known as deposit mobilization.

The banking industry in Ethiopia is yet not affected by globalization. The government thinks liberalization might not be good for the economy and could lead to a loss of control over it. Ethiopia lacks a capital market, making it difficult to invest in private company shares. Since private banks were granted permission to operate in 1994, a number of reforms have been implemented in the financial industry. However, when it comes to capital, deposits, earnings, and assets, the government-owned Commercial Bank of Ethiopia still commands a large share of the market (Abebaw 2011).

In addition, by offering Credit facilities for both the public and private sectors of the economy, bank intermediation has also sped up economic growth and development. However, the financial systems in emerging nations have not been able to carry out the key tasks for financial development and growth facilitation, which are necessary for rapid growth and efficient capital accumulation. A potential solution to this issue is to focus on increasing deposits (Agu, 1994). Encouraging capital formation activities like working capital financing and financial savings is one method banks can address this problem. The mobilization of domestic savings should be prioritized in order to maintain sustainable economic growth (Aryeetey et al, 1991).

Additionally, Resource mobilization is one of the most important activities of banks around the world. It is a major source of the bank's funds, as demonstrated by researchers such as Jhingan (2001), Uremadu (2002), Bakare (2011), and Orji (2012), among others, as an essential aspect in boosting the bank's sources of funds in order to run effectively. Mobilizing deposits is critical to providing acceptable service to many sectors of the economy. However, banks' potential to promote growth and economic development is dependent on the banking systems overall health, solidity, and stability (Alex, 2012).

Furthermore, the banking industry's activities, such as resource mobilization and credit creation, are directly linked to the generation of capital. However, it has been asserted in the public sphere that banks have not done adequate to encourage capital formation and ensure a stable financial system (Venkati, 2016). Increased competitiveness would necessitate investment in cutting-edge technology, as well as plant assets and stockpiles if the availability of raw materials or the market for the finished product is highly seasonal. In all situations, meaningful investment can only occur if adequate money is available. While it is important to identify different sources of resource mobilization, borrowing from abroad might have a negative impact on the balance of payments, depending on how the loan is used and the extent of exchange rate risk.

As a result, domestic savings are vital for economic growth since they supply the local resources required to satisfy a country's investment efforts. A strong banking system is the bases for the growth and stability of any global economy. This has resulted in controllers for the entire global economy, allowing corporations to make financial decisions in their organizations. Furthermore, savings and investment play an important role in boosting and encouraging economic growth in any country. Depending on the type of the deposit, monies deposited in banks can potentially yield benefits in the form of asset returns. The higher interest rate set by the bank for savers may

encourage clients to deposit more resources with the bank. Banks, in turn, collect deposits from clients and lend them to borrowers.

Generally, Deposit mobilization is among the most significant aspects the banking business. It is a significant source of working capital for the bank. Mobilizing deposits is crucial for banks to expand their resources and provide better services. It is crucial for offering excellent services to many economic sectors. Banking performance relies heavily on resource mobilization. Bank Deposits are a cost-effective source of operating capital for banks, influencing their performance. For a bank, mobilizing deposits is just as crucial as oxygen is to human life. It serves as the hub for financial sector banking operations. With the enormous role banks play in the economy, the banking industry's success is vitally important. But things the bank's primary goal is to mobilize idle resources into productive sectors by collecting funds from various sources. Banks take deposits in a variety of forms, depending on the character of the savers and the bank's strategy. Current deposits, fixed deposits, and call deposits are among the most frequent types. The interest rate on deposits differs amongst banks because the central bank has allowed commercial banks to set their own interest rates. Mobilizing deposits play vital role in development of all spares of economy (Shettar, 2014).

1.2. Statement of the problem

Around the world, banks rely heavily on their ability to make money from lending. The banks must be able to raise enough money from their clients in order to engage in lending. Given that depositor funds are the primary source of funding for commercial banks; this implies that there exist certain correlations between the quantity of credit extended to clients and the banks' capacity to mobilize deposits.

Currently, In Ethiopia, the banking sector is an important aspect of both the financial sector and the overall economy activities. It's crucial to the country's macroeconomic stability and growth objectives are clear. The main objective of the bank is mobilizing deposit from surplus to borrowers but now a day's banking in Ethiopia meet major challenging to mobilize adequate resource based on various factor. There are many potential factors that can cause challenging to mobilize resource such as economic instability includes internal condition for example the fluctuation in the price of goods and service. Now Days major challenge of it the establishment and joining of the number of new depository financial institution or new private commercial bank in the industry leads high competition in order to obtain market share. Additionally the country political instability and war one of the main factor for economic crisis it affects the country macroeconomic condition.

In Ethiopia, commercial banks must be able to mobilize resources without any limitations. One of the resources that banks are most eager to mobilize is deposits, which are the most liquid funds in the bank's treasury that are available for borrowing when needed. A variety of factors may influence the banks' deposit mobilization. Since a deposit is one of the bank's most valuable liabilities, it is important to evaluate how banks mobilize deposits and how various elements relate to one another. Although mobilizing deposits is the primary activity of all commercial banks, banks are required to manage and evaluate the mobilization of deposits (Daniel, 2018).

Because commercial banks rely on depositor funds as a source of funding, there is a correlation between the quantity of credit that banks are able to extend to their clients and their capacity to mobilize deposits. In order to create economic growth, financial institutions' primary role of transferring funds from surplus economic agents to deficit economic agents is therefore put to the

test. However, the degree of financial system growth determines how well this duty is carried out. Bank failure is a risk to the financial system (Obamuyi, 2013).

According to the 2019–20 National Bank of Ethiopia report, commercial banks only mobilize 15.8% of deposits, meaning that 84.2% of the money that should be deposited in the bank is not mobilized. This demonstrates that the nation's banks do not have a well-developed deposit mobilization procedure, and instead of waiting for depositors to come and deposit their money, there must to be procedures in place to mobilize such deposits.

Resource mobilization is a primary concern for many institutions. However, finding deposits has become a difficult responsibility for banks. at this time the growing need of loans and various demands are arising from the different customers. Deposits are undoubtedly at the heart of financial institutions such as banks. Financial systems have been acknowledged to play an important influence in economic development. According to Elser et al. (1999), saving mobilization is the process of encouraging people to open accounts with financial institutions or save money in a bank.

Bello (2005) argues that the banking system facilitates financial intermediation by mobilizing and channeling resources. Banks play a crucial role in the economy, allowing financial settlement, influencing money market rates, and offering foreign payment options. According to Mordi (2004), banks enhance national savings and investment by mobilizing funds from surplus spending units and lending them to deficit spending units.

Various studies on deposit mobilization have been undertaken, such as (Sisay, 2013), which investigated the factors that influence Deposit mobilization at private commercial banks in the case of Awash International Bank, S.C. The findings show that the main factors influencing Awash International Bank's deposit mobilization process are the presence and rebuilding of

Addis Ababa roads, as well as Direct and indirect government interference or control over commercial bank activities might stifle deposit growth.

Samuel (2015) conducted research using data from Awash International Bank, which comprised both primary and secondary data. The researcher also used applied research, with Awash Bank serving as a model, as well as descriptive and explanatory analyses. The data from AIB's total deposits over three years was used. Given the summary outcome of descriptive and explanatory analysis, the study reached the following conclusion about commercial banks, using AIB as evidence. The major ones are given below. - Deposits are commercial banks' principal source of capital, and the most prevalent type is a savings deposit. The Commercial banks are profitable primarily determined by the amount of deposits collected from customers, service excellence, and goodwill.

The current study was conducted because the country's economic activity has weakened, resulting in a drop in investment activity, which has caused banks to be unable to mobilize appropriate deposits. As a result of the lack of adequate deposits, banks are unable to lend to clients or investors. Furthermore, the country's political instability, conflict, intense industry competitiveness, and a surge in the number of banks make it difficult to mobilize resources. Knowing the gaps in the existing scenario will assist the bank in assessing its deposit mobilization initiatives. The study was centered on the Bunna bank current deposit mobilization technique, and as far as the researcher was aware, no prior research of this kind had been conducted at the Bunna Bank East Addis Ababa District selected branch.

1.3. Research questions

The study conducted on the title analyzing the Trends and Practice of challenges of Deposit Mobilization the Case of Bunna Bank East Addis Ababa District. The researcher has aimed at providing answers to the following main research questions:-

- What are the major challenges that can affect the volume of Bunna Bank East Addis Ababa district branch deposit?
- What is the performance of deposit mobilization Bunna Bank East Addis Ababa District Branch Deposit?
- What should be done to have a progressive deposit mobilization?

1.4. Objectives of the study

The intention of this study was to meet two unique objectives: general objectives and particular objectives.

1.4.1 General Objective

- ✓ Assessing the Challenges and Prospects of Deposit Mobilization in Bunna Bank A Case Study of Selected Branches in East Addis Ababa District

1.4.2 Specific Objectives

More specifically, the research was aim providing answers to the following Specific study questions:

- ✓ To assess the deposit mobilization performance in Bunna Bank East Addis Ababa District selected branch.
- ✓ To identify the challenges that affect total deposit mobilization of Bunna Bank EAAD branch.
- ✓ To assess the activities regard to deposit mobilization.

1.5. Significance of the study

The study assists in assessing the problems and deposit mobilization actions that may improve banking practice in order to identify strategic intervention areas. To improve banking practices and identify areas that requires corrective measures to improve the performance of the district deposit mobilization activities. The study increase sustainable level of deposit Mobilization in East Addis Ababa District Branch. It aids in tackling deposit mobilization difficulties and provides branches with an understanding of the challenges and their role in deposit operations. Finally, it helps to establish progressive deposit. It may serve as a source of reference and provide some highlights for others who want to learn more about the topic and are interested in conducting further in-depth studies on the challenges of deposit mobilization as a research title, as well as on other branches and banks.

1.6. Scope of the Study

This study was restricted to the area Buna bank east Addis Ababa district branches. the study considers the staff's viewpoints in deposit mobilization and their trends and practice of challenges of deposit mobilization.

The respondents of this study will come from limited the population of the study to more than five years of experience in the Bunna Bank as branch manager, senior customer service officer and accountants which are directly related to deposit mobilization activities and an exact number of 30 experienced employees will be the respondents of this research. Additionally, by looking over longitudinal data covering the years 2018–2023 from six prior fiscal years. The secondary data will be gathered from several document sources. The East Addis Ababa District Branches will be the site of the entire investigation and procedure.

1.7. Limitation of the study

In conducting this research work, the researcher encountered with constraints of time ,cost and office work load as there were lots of day to day work place assignments to be executed during office hours. The data from the previous six years is used in the study. The study's primary drawback in evaluating and applying its findings is the study's condensed sample. The study's other issue is that the researcher had trouble accessing certain data since the respondents to the study considered part of it to be confidential.

1.8. Organization of the study

The study is divided into five chapters, one of which contains the study's introduction. The first chapter discusses the study's background, problem statement, general and particular objectives, significance, scope, and organization. The second chapter contains the literature review, which includes both theoretical and empirical literature reviews. The third chapter demonstrates the study's methodology. The fourth chapter deals with data analysis and output display. Finally, in the fifth chapter, the researcher concludes the study's findings and makes recommendations.

CHAPTER TWO: LITRATURE REVIEW

2.1. Theoretical Review

The main role of a bank is collecting fund from the public in the form of Deposits and deploying it through credit and investments. Deposits are critical to a bank's prospective growth. Total deposits have increased significantly over time. Deposit mobilization is as vital to a bank as oxygen is to humans. Mobilization is one of the key components of the saving money business, and thus a critical source of operating capital for the bank. It refers to a financial institution's gathering of cash or funds from the public via current accounts, savings accounts, fixed accounts, recurring accounts, and other specific schemes.

Banks play a very important part in the economic development of every state. They have great control on the flow of money. Banks are the primary drivers of a country's economic development. The financial segment's contribution Progress is based on the vital role it plays in mobilizing funds and competently allocating these resources to the most creative uses and investments in the current sector (Ayalew, 2009).

As to (Ongore and Kusa, 2013), financial institutions' intermediation function contributes significantly to the well-organized distribution of national funds by coordinating capitals for meaningful successes. Banks transfer funds from persons who do not require them for productive purposes to those who do. (Nwanko et al., 2013) characterizes deposits as capitals that are set aside for speculating purposes rather than for extravagance. "Personal savings" refers to what people save instead of spending all of their earnings. Deposits can be held in the bank's financial records for future use or actively invested in real estate, bonds, stocks, and other monetary assets.

2.2 Basic terms and terminologies

The surplus of income beyond consumption requirements is preserved. Such savings, as well as funds intended Deposits for consumption are made with commercial banks. Payment for products and services is made by cheque drawn on a bank. The banking habit is spreading rapidly. People deposit their profits in commercial banks because bank vaults are safer than household coffers and pay interest based on the type of deposit. Savings mobilization through extensive deposit collecting has long been seen as the primary goal of banking around the world. Resource mobilization is a financial institution's collection of fund or money from the public through its current, savings, fixed recurring accounts, and other specialized schemes (Digaria, H.A.2011).

Mohan (2012) Banks develop their deposit mobilization strategy based on the country's investment growth through branch expansion, the use of technology technologies, continuous staff training boosting deposit, enhance the organization's confidence, or the current branch, expanding bank deposit products, using high media coverage, branch expansion, home-based learning about benefits to deliver, providing door-to-door service, and so on.

Elser et al. (1999) define deposit mobilization as the activities of encouraging consumers to deposit fund or luring new customer to open bank accounts. From an institutional standpoint, the fundamental motivation for mobilizing savings is the reduced cost of capital compared to alternative sources of funding. As to (Lorenzo et al, 2010) states that if the lending channel plays a role, the saving development should expand to enhance the efficiency of lending in line with the extra foundation of funding for them. Banks must feast the credit foundation as the need for landing develops as a result of the improvement work done by people, industries, and

administration. A profit-making bank generates profits by lending to businesses, individuals, or industries.

Deposit mobilization underpins banks' today and future growth. According to Kuta et al. (2010), banks serve as intermediaries, receiving commercial and private deposits (savings) and forwarding them as loans to investors. Deposit mobilization is crucial aspect of banking activities. Savings mobilization through extensive deposit collecting has long been seen as the primary objective of banking around the world. Deposit mobilization is a financial institution's collection of fund or money from the public through its current, savings, fixed recurring accounts, and other specialized schemes (Digaria, H.A.2011). The ability of a bank's management and workers to entice savings accounts from both businesses and individuals is a critical component of the bank's community recognition (Mahendra 2005). The fundamental concern of bank administrators is the irregularity of savings due to a variety of reasons. As to George (1972), the following are the reasons why the diversity of bank deposits is important: Deposit variability is commonly cited as a significant factor influencing portfolio strategy.

Mohan (2012) Banks develop their deposit mobilization strategy based on the country's investment growth through branch expansion, the use of technology technologies, continuous staff training boosting deposit, increasing the organization's confidence, or the current branch, expanding bank deposit products, utilizing high media coverage, branch expansion, home-based learning about benefits to deliver, providing door-to-door service, and so on. Resource mobilization, as described by Elser et al (1999), is the technique of encouraging consumers to deposit fund or convincing new customers to open accounts. From an institutional standpoint, the fundamental motivation for mobilizing savings is the reduced cost of capital compared to alternative sources of funding.

There are different classifications for bank deposits. Deposits are often the classification is based on ownership, security, and fund availability. Deposits are divided into two categories as follows:

2.2.1. Interest Bearing Deposit

A bank is an institution that seeks to ensure the integrity and effectiveness of monetary transactions. A bank is an establishment where money can be deposited, withdrawn, or borrowed. Interest bearing deposits are those for which banks must pay interest. Savings, time (fixed), and recurring deposits are all interest bearing. The return and interest rate offered by each bank will vary depending on the account terms and conditions. They can also change over time. The return and interest rate offered by each bank will vary depending on the account terms and conditions. They can also change over time. This interest rate is calculated on the account balance over a set period of time. There is usually no minimum amount of money required to start an interest-bearing account.

2.2.2. Non-Interest Bearing Deposit

It's a deposit that banks are required to provide interest to customers for their money. It is because clients can withdraw money from this sort of deposit at any moment or on a daily basis, and the bank cannot use the funds for profitable projects, thus it does not pay interest on these accounts. Deposits made for current and margin purposes do not earn interest. Demand deposits, often known as non-interest bearing deposits, are deposits that yield little or no interest. They are used for checking accounts. Checking accounts with low interest payments, such as NOW accounts, may be deemed demand deposits and classified as Non-Interest Bearing Deposits by some institutions.

2.3. Deposit Mobilization

In the literature, bank deposits are traditionally analyzed as a function of deposit interest rate and

income, while other factors have recently been included. Overall, a favorable association between bank branches and bank deposits has been demonstrated, supporting the need for bank branch growth in unbanked areas to improve deposit mobilization (Mashamba et al., 2014).

Behera H., and Raut D., (2019) in the article “Bank Deposits: Underlying Dynamics has investigated the cause for the decline in bank deposit growth. (The Encyclopedia America 1984).The most significant service and a crucial component of banking operations is deposit mobilization. In Ethiopia, the primary responsibility of banks is thought to be mobilizing savings through vigorous deposit collection. But without knowing and regulating the variables that affect deposits, managing them is unachievable. In the modern economy, banks act as intermediaries by obtaining money from savers, or those with excess income, and lending it to investors, which can be either people or companies (deficit units).Efficiently allocated funds to promote Economic growth and development. A vibrant economy necessitates a healthy financial sector that benefits the public(Lagarde, 2019).

As to Mistry and Savani (2015), banks are the backbone of the country's economy since they play a crucial role in achieving stable prices, a high level of employment opportunity, and strong economic growth. Mobilizing Deposits are one of the primary purposes of the banking system. Banks mobilize the capital from individuals, corporations, businesses, and the government that is needed for investment and economic expansion. Determining the elements influencing deposit mobilization is essential for maintaining liquidity, effectiveness, and competitiveness in the market. Banks are essential for increasing economic efficiency because they transfer Money is transferred from resource excess units to those that provide more profitable investment opportunities. They raise money through deposits from individuals, businesses, and governmental bodies; bank deposits make up the majority of the funds they raise.

Publicly accessible supply (Mishkin and Eakins, 2012).

2.4 Types of Banks Deposit Account

Bank deposits are sums of fund placed in financial organizations for protection. These resource are made to financial institutions' deposit accounts, which include savings accounts, checking accounts, and term deposits. Banking and money are a part of daily existence. Financial products of all kinds are available from banks to assist you in day-to-day money management. In the bank, for example, our money is safe and eventually accrues interest once we deposit it. This is called the deposit, and each deposit has a unique identity that the bank designates as the account. Each deposit has its own unique account, and vice versa.

Bank deposit accounts are classified into the following categories based on the services they perform:

- ✓ Savings Bank Account
- ✓ Current Deposit Account
- ✓ Fixed(Term) Deposit Account

2.4.1 Savings deposits:

The majority of people keep these deposits in order to save money and receive interest from the banks. In addition to being preserved by individuals as a portion of their overall wealth stock, saving deposits are also kept to cover short-term or immediate needs. Banks offer interest-bearing deposit accounts to encourage people to save. The interest rate on these deposits is minimal .Depositors can make unlimited deposits into their savings accounts, but withdrawals are limited. One of the most significant aspects of a savings deposit is its safety. Savings deposits are a type of deposit that allows you to save money for later use. Most accounts are opened as savings deposits at banks. As a result, the deposit is very popular among the general public.

According to internal bank rules, some banks require a little deposit, while others require a large deposit to start a savings account. Different banks have implemented different rules. Some banks have made 100,000, two hundred thousand, three hundred thousand, five hundred thousand, and have not set a limit. As a result, the maximum amount of money that can be withdrawn varies. Banks pay some interest on it.

2.4.2 Current deposits

Businessmen, industrialists, and others typically use this deposit to pay off obligations. These current deposits—also referred to as cash or demand deposits—are used as the basis for issuing checks. They are mostly non-interest bearing. Current deposits are active accounts that allow for frequent deposits and withdrawals. These deposits are advantageous for businessmen who conduct a large number of frequent transactions with banks. Generally, no or very little interest is paid on these deposits. A distinguishing feature of current deposits is the overdraft facility, which allows the depositor to withdraw an amount greater than that put in his or her account. The depositor must pay interest on any withdrawals that exceed the amount deposited. Businesspeople generally open current deposit accounts. They can withdraw and deposit money as needed. The amount of money that can be withdrawn is not limited. As a result, these forms of deposits are designed for those who may require funds in unexpected circumstances. They are best arranged for expense at request at any moment, and no interest is usually paid on current accounts (Giragn, 2015).

2.4.3 Term deposit

Term deposits are fixed deposits that cannot be withdrawn until the maturity date. In general, the interest rate on these accounts is fairly high when compared to savings and current deposits. Term deposits are classified into two types: fixed deposits, in which a lump sum is put for a

specific duration at once, and recurrent deposits, in which money is deposited in small quantities at regular intervals and can be withdrawn after a certain period. A fixed account is one that holds funds that have been deposited in a bank for a set term. Customers that open such an account deposit money into it for a set length of time. In other words, this account is referred to as a term deposit because money is held for a specific time.

Typically, only one person or 30 institutions that wish to earn more interest open such an account. The time span can be three months, six months, nine months, a year, two years, three years, four years, five years, and so on. This deposit carries a higher interest rate than other deposits. Both the bank and the clients can gain from this deposit. In this deposit, the bank will keep the money for a set period of time until it matures at a predefined or negotiated interest rate. In general, a time deposit account allows consumers to invest a specific amount over a set period of time at a fixed interest rate. As a result, money a time deposit cannot be withdrawn during the term preceding maturity, although they can be terminated early with penalty penalties. A longer time horizon for money storage may be desired by certain bank customers. A higher interest rate is offered on these deposits. Banks offer a reduced interest rate on deposits made into savings accounts. As a result, funds are placed in fixed deposit accounts in order to receive higher interest rates.

2.5. Factors affecting Banks Deposit mobilization

The ability of any credit agency, which is also a banking institution, to mobilize the community's savings in the form of deposits is a key sign of its success and efficiency. But deposit mobilization is a challenging task. It relies on several aspects such as macroeconomic factors

2.5.1 Macroeconomic factors

The macroeconomic factor a macroeconomic factor is a significant fiscal, natural, or geopolitical

event that has a wide-ranging impact on the economy of a region or country. Macroeconomic variables often affect vast parts of the population rather than a small group of selected individuals. A macroeconomic factor is important fiscal, natural, or geopolitical event that has a wide-ranging impact on the economy of a region or country. Macroeconomic variables often affect vast parts of the population rather than a small group of selected individuals. Macroeconomic factors include inflation, unemployment rates, and economic outputs. Both firms and consumers pay close attention to these economic success criteria. Macroeconomics is the study of the behavior of an entire economy, including markets, businesses, consumers, and governments. Macroeconomics is the study of overall economic patterns, such as changes in unemployment, GDP, national income, price levels, inflation, and economic growth rates. External factors are variables that are beyond the control of bank management but represent the economic and regulatory environment that influence bank operations and deposit holdings. A macroeconomic factor is a phenomenon, pattern, or condition that comes from or is related to a general property of an economy rather than a specific population. Macroeconomic metrics include inflation, GDP, national income, and unemployment rates. Some macroeconomic factors are listed below.

2.5.1.1Gross Domestic Product

The market worth of all finished products and services generated within a geographic area over a given time period is known as the gross domestic product, or GDP. The Gross Domestic Product (GDP) is computed by adding the value earned at each stage of production and subtracting the cost of produced inputs and materials purchased from an industry's suppliers. Gross domestic product (GDP) is the market worth of all items and services produced in a country in a single year. It is a key indicator for measuring economic performance (Azolibe).

As to Stanford, changes in real GDP per capita over time are sometimes viewed as indicators of changes in the average standard of living. Deposits will climb as consumers and corporations seek to save more money. Gross Domestic Product (GDP) is a standard measure of a country's total value of final goods and services produced over a given time period. While GDP is the most important indicator for capturing this economic activity, it is not an accurate measure of societal well-being and only provides a limited view of people's material living conditions. One of the key goals of this publication is to address this and other related concerns more effectively through the sections and indicators that follow. Countries calculate GDP in their own currencies. To compare estimates across countries, they must be transformed into a common currency. Frequently, the conversion is conducted using current exchange rates, although these can provide a misleading comparison of the true amounts of finished goods. So, Bank performance is impacted by macroeconomic conditions in a variety of ways. First off, demand for bank credit will be higher during economic booms than during recessions.

According to Belayneh (2011), real GDP growth is the only significant factor influencing bank profitability based on microeconomic indicators. He claimed that commercial banks are now more profitable due to the nation's current real economic growth. A high rate of aggregate growth could make domestic borrowers more capable of servicing their debt, which would lower credit risk. On the other hand, unfavorable macroeconomic circumstances harm banks by elevating the quantity of nonperforming loan. It follows that higher economic growth should improve bank performance. When comparing two periods in time, economic growth is the

Increases an economy's capacity to create goods and services. Gross Domestic Product (GDP) is the most commonly used method for measuring it.

According to Yadete et al. (2023), GDP has become the de facto global indicator of "standards

of living" A life-cycle analysis indicates that GDP growth will increase overall savings since younger generations will save and earn more in their lifetimes than older generations (Fisseha DejeneYadete& Kant, 2023). Consequently, it is expected that countries with faster GDP growth rates will save more money than those with slower growth rates. But as GDP rises, the size of this influence is expected to decrease. The market value of all completed goods was defined as the Gross Domestic Product (GDP).

2.5.1.2 Inflation

Inflation is one of the factors that affect commercial bank deposits, as well as term deposits, which are a type of deposit. It is defined as a general and continued increase in the price of goods and services in the economy ,and Usman and Adejare. Inflation affects bank deposits in two ways. First, it reduces money's purchasing value, resulting in greater living expenses. This means that households are unlikely to have much disposable income and may have little or no bank deposits. Second, when hyperinflation strikes, cash and bank deposits become worthless. (Azolibe) because money's purchasing power is significantly lower than the economy's unexpected and excessive runaway price increases. As a result, people may choose to convert deposits and cash into storage commodities in anticipation of future price hikes and the risk that they may be unable to deposit funds in banks. To increase deposits and self-sufficiency, banks must evaluate depositor character during inflationary time. The latter refers to a sustained increase in the general price level over a specific time period. Consistent price increases lead to a decrease in the market worth of money, also known as buying power.

According to Brealey (2003), the real worth of money decreases as debtors benefit and creditors suffer losses. Monetarists view inflation as a demand pull caused by an external increase in the money supply. In the short term, increased money supply leads to higher demand for goods and

services, causing prices to rise until the market adjusts. The traditional thinking maintains that banks are mostly resistant to the effects of inflation since their liabilities and assets are stated in monetary terms and typically rise in unison with the expansion of the money supply (Devinaga, 2010). Monetary policy functions, in short, by limiting the cost and accessibility of credit. During inflationary periods, the national bank can raise borrowing costs while limiting commercial banks' ability to create credit.

Devinga (2010) asserts that as a result, borrowing will be more expensive than it was previously, which will lower demand for money. In a same vein, the banks' lending practices will become more cautious as their ability to create loan declines. Naturally, resource will decline as banks' demand for money declines. Ethiopia has seen significant changes in development and economic growth in recent years. The nation has had exceptional economic growth, averaging 10.6 percent for nearly five years since 2004, double the continental norm, according to the World Bank study (2013) (Mwanakatwe & Barrow 2010). The industrial sector had a relatively little contribution, while the growth of the service and agriculture sectors made the largest contributions, according to the report. Since the early 21st century, inflation has emerged as a major concern for emerging nations, prompting researchers and politicians to examine this topic. The majority of emerging nations have been working to attain steady economic growth in an effort to improve the wellbeing of its people. As a result, they believe that economic growth, inflation, and inflation volatility are related. Conventional wisdom holds that banks are mostly resistant to the effects of inflation since their assets and obligations are expressed in monetary terms, and their assets typically expand in tandem with the expansion of the money supply (Devinaga, 2010).

2.5.1.3 Political Conditions

The country's Political issues may influence depositors' willingness to place funds in the banking system, and the success of banks is mostly determined by the climate in which they operate (Finger and Hesse). Political stability fosters investment and economic growth, enhancing the profitability of the project under consideration. The data was a balanced panel dataset that captured both cross-sectional and time-series behaviors simultaneously. Conflict frequently leads to capital flight, asset market crashes, and deposit runs. The ability of banks to sustain financial intermediation and payment systems is also threatened by deteriorating financial conditions, a downturn in economic activity, a sharp decline in collateral values, and compromised security.

On the other hand, political stability fosters an atmosphere that is favorable to growth and investment. Businesses' sustainability is improved by economic growth (Shabbir et al., 2016). Political stability is essential in democratic regimes because higher investment and economic growth are positively correlated with indicators of economic freedom (Georgiou et al., 2015). The mobilization of deposits is positively impacted by political stability. On the other hand, political unrest and conflicts reduce bank deposits and increase the risk of systemic banking crises. (Yitayaw&Banke, 2022). Political upheaval impedes economic activity and creates uncertainty, which may lead depositors to take money out of their accounts ahead of other people's actions. (Attila, 2022.)

2.6 Banks' Marketing Strategies

Marketing is the most important technique in the banking industry is beneficial to clients and involves both the banker and the customer. Marketing seeks to meet and satisfy human needs and desires, developing it into an essential component of every society's economic framework. This

is because, according to Ogunsanya (2003), it efficiently distributes resources, hence influencing other aspects of social and economic life. According to Baker (1985), the strength of marketing is mostly the same, but there may be some differences, such as fewer products and services flowing through the system. The marketing concept is a marketing philosophy that holds that an organization's short- and long-term goals will be best met if it identifies the desires of its target markets or customers and works hard to produce services that effectively and efficiently satisfy these target markets better than its competitors.

As to Aigbinemolen (2004), marketing is vital for banks and other financial institutions, just as it is in manufacturing organizations. Indeed, a business that disregards "marketing" risks losing client favor, trust, and goodwill, as well as market share. Bank customers are no longer limited to a few or no selections; they now have a profusion of institutions to choose from. The message is unambiguous. Only banks that understand and anticipate their clients' actual values and desires will be better able to serve them. Today, the need-satisfaction syndrome is synonymous with economic success (Worlu, 2007). As a result, marketing financial services requires a calculated and planned approach based on a philosophy known as the marketing concept, which works by employing effective marketing strategies.

2.7 Advertising and brand loyalty

Advertising can impact human behavior because its messages address human needs (Amoako et al., 2017). The implicit proposition of the preceding is that effective advertising can result in positive brand views and loyalty. Because of its power to inform, persuade, and reinforce consumer purchase decisions, advertising is a key component of the marketing communication tool mix that drives brand preference and customer loyalty. (Zephaniah et al. 2020). To elicit the

desired positive response from the target audience, advertising must be unique and believable (John & De'Villiers, 2020).

Advertising is offered via a variety of communication channels, including Television, radio, posters, magazines, and newspapers. It is extensively used because of its non-personal method of communication, which enables it to reach vast audiences at a minimal cost. Advertising is an effective brand differentiation and positioning technique (Fill, 2011).

Todorova (2015) agrees that advertising can be used to raise brand awareness, improve brand image, and develop positive customer attitudes about products or services. A popular advertising campaign can attract the public's attention and generate sales for the brand (Kim & Lee, 2020). Advertising appeals encourage customer preference and product patronage by informing, convincing, reminding, and reinforcing consumer decisions (Amoako et al. 2017).

2.8. Public relations

Fill (2011) defines public relations practice as the intentional and ongoing effort to foster goodwill and mutual understanding between a business and its stakeholders. Public relations encompass a wide range of events and actions aimed at promoting and preserving a company's image and services or products. According to Muhanji and Ngari (2015), public relations activities include charity, sponsorships, community initiatives, media relations (press releases, press conferences, newsletter, public affairs) for the dissemination of good news, and crisis management, such as damage limitation. This implies that public relations is concerned with an establishment's various publics, most notably its customers, and how the company interacts with the public in order to create and sustain a corporate identity. Verčič and Čorić (2018) and Zephaniah et al. (2020) discuss public relations may effectively manage communication and

relationships with individuals and organizations, leading to continuous goodwill and brand loyalty.

2.9. Bank Services quality

Banks are well-known for being service oriented institutions, and service delivery can have an impact on all of a bank's activities. "A bank is a legitimate entity that takes deposits that can be withdrawn on demand. It also lends money to individuals and businesses that require it."As to Khalily (1987), McKinnon and Shaw focused primarily on two variables determining resource mobilization in their models, with customer services regarded significant and positively associated to one another. According to Goiteom (2011), while making bank selection decisions, clients place a greater emphasis on aspects Examples include convenience, service offering, employer influence, and bank image. As a result, banks should consider these factors while devising market strategies to absorb increased deposits. Banks offer services, but the quality of those services determines competition amongst banks.

According to Khalily (1987), strategy should include regulatory and procedural improvements, the development of innovative initiatives, and an enhancement in the quality of services supplied to depositors. It is well understood that banks are service providers, and that the services they offer may have an impact on their business ventures. According to M. A. Baqui et al. (1987), some empirical data show that services supplied to depositors have a positive influence. V. V. Bhatt (1970) describes some of the novel deposit plans that, if adopted, have the potential to improve both the rate of saving and the pace at which bank deposits rise. The economy would grow quicker as the saving rate increased. The community would have greater control over the distribution of financial resources for Plan purposes if the deposit growth rate was increased.

As to, Johnson (1997), there is a direct link between financial services and client awareness. Integrating these two variables can lead to increased deposit mobilization. However, taking into account modern banking services, the analysis shows that, Banks should strive for innovative services that allow for convenient transactions from any location, at any time. Customer Demands and expectations are rapidly rising. Banks operate in an oligopolistic market. structure, allowing them to meet rapidly rising client needs and attract new customers. As banks become more interdependent, clients may easily switch between them. According to Andrew (2004), IT-driven financial services improve employee productivity. Resulting in more business without the need for additional workers. Increased productivity can boost customer satisfaction and automate deposit mobilization processes.

2.10. Empirical Literature Review

These parts reviews previously published Empirical studies on deposit mobilization, as well as additional relevant studies. Banks profit more when they distribute more loans. As a result, bank management needs devise new techniques to attract more consumers and motivate their employees to mobilize additional deposits, as banks do not have any more money. According to Kazi (2012), banks rely on client deposits for loan funding.

Additionally, according to (Tuyishime et al. (2015), banks play the role of a financial intermediary that efficiently directs the public's idle funds into worthwhile production and other investment projects by using loan and deposit services people to accomplish their objectives. It makes it possible for people to invest in lucrative business ventures, save for the future, and safeguard themselves from unforeseen shocks.

According to (Nwanko,et al, 2013) savings mobilization and subsequent investment is the key to economic growth and development. According to (Laura E. et.al, 1999) At the level of the

national economy, high levels of savings increase the amount of national resources and decrease the need to resort to foreign indebtedness in order to cover domestic investment and consumption demand. Numerous countries with low internal savings rates must borrow from abroad, which results in a debt service burden. This clearly underlines the importance of savings mobilization to sustain economic growth with national financial resources.

As to Laura, Alfred, and Sylvia (2009), in order to increase deposit volume, financial institutions provide a variety of savings solutions suited to their specific consumer. They provide the greatest range of specialized savings products, allowing their customers to choose between immediately accessible liquid commodities, semi-liquid accounts, or term deposits with higher interest rates. The clear and uncomplicated design of basic savings products enables depositors to rapidly select the product that best matches their requirements. The savings products' simple and transparent design allows personnel to easily administer them, lowering administrative costs. To mobilize enough deposits, banks should offer a variety of deposit programs to attract clients. Clients typically have a variety of interests and demands when it comes to their.

According to (Sisay, 2013), the research was conducted using a questionnaire and structured interview discussions with Awash International Bank Share Company personnel and management. The results show that the rebuilding of Addis Abeba roads, CBE's aggressive branch expansion, the current condominium housing construction scheme, public attitudes against utilizing private banks, as well as a scarcity of parking spaces, all have a big impact on the deposit mobilization process at Awash International Bank S.C.

As to, Ketema (2017), the study paper examines the elements that affect deposit mobilization in commercial banks in Ethiopia between 2000 and 2015. Seven commercial banks were chosen from there are seventeen commercial banks based on bank founding history. The researcher

employed a quantitative research approach. The balanced panel fixed effect regression model was used to assess both bank-specific and macroeconomic effects. Various Diagnostic tests (test for the assumption of homoscedasticity, autocorrelation, and normality, average error value is zero, and explanatory variables are non-stochastic) are used to determine the model's applicability. The outcomes demonstrated that the influence of credit risk, currency rate, and bank profitability are positive and statistically important.

According to S. Venkatesan's (Sep-Oct. 2012) paper, An Empirical Approach to Commercial Bank Deposit Mobilization in Tamil Nadu. It is found that there was a considerable increase and rise in Despite a large increase in existing deposits' value decrease in the number of Between 1999-00 and 2008-09, current deposits were held with scheduled commercial banks in Tamil Nadu. Saving deposits were found to have a substantial trend and growth in terms of both the number of accounts and their value. However, the situation was different in the case of term deposits with scheduled commercial banks. The number of term deposits increased significantly and trended upward, with no dip. There is no rise in it when measured by value. Overall, it is found that scheduled commercial banks in Tamil Nadu did well in deposit mobilization throughout a ten-year period from 1999-2000 to 2008-09.

Andinet (2016) The findings of the regression analysis, a According to a fixed effect regression model, the number of bank branches and deposit interest rates both had a positive and substantial impact on bank deposit growth. In addition, bank liquidity or the ratio of liquid assets to deposits, had a negative and large impact on bank deposit growth, as did lagged bank deposits. Finally, the net interest margin, inflation rate, and GDP rate all had a considerable negative impact on bank deposit growth.

According to Giragn (2015), the study, many banks prioritize deposit mobilization. Nonetheless, banks in Ethiopia are finding it more difficult to find deposits in order to meet the country's expanding loan demand. Resource mobilization is increasingly becoming a vital success factor for banks due to the nation's growing need for funding from both new and established businesses. Furthermore, the banks' own went to profit from those funds. This fact is supported by the constantly increasing number of branches, the modernization of services, and the intensifying competition between banks.

The study is pointing to a field of inquiry that hasn't been studied before. The difficulty of mobilizing deposits and enhancing district deposit performance piques the researcher's interest. How it can be enhanced to boost the performance of their deposits. Following observation of the research gap in this field, the researcher carried out an analysis of deposit mobilization practices and trends, with a focus on Bunna Bank East Addis Ababa district selected branches. The literatures mentioned above have certain limitations and were insufficient on their own to address the research question at hand.

The majority of the literature did not address issues related to the nation's economic and social instability, promotion, fostering goodwill, understanding customers first, loan application and disbursement process difficulties, customer attitudes and demands, bank service standards difficulties, or issues that could have an impact on the study's deposit mobilization results. A portion of the literature was researched on the variables and elements influencing the bank's deposit mobilization. Furthermore, not all of the variables taken into account in the current study were included in the studies' inclusion of variables.

2.11. Summary of knowledge gap

The study is identifying a previously unexplored area of research. The difficulty of mobilizing deposits and enhancing district deposit performance piques the researcher's interest. How it might be enhanced to boost the performance of their deposits. The researcher saw a research void in this field and set out to fill it by examining the practices and trends around the difficulty of deposit mobilization, with a focus on Bunna Bank East Addis Ababa District. The literatures mentioned above were insufficient to answer the study topic under consideration; they have restrictions. The majority of the literatures did not consider the challenges of economic and social instability within the country, the challenges of promotion, the challenges of building good will, the challenges of understanding the client first, the challenges of loan application and loan disbursement process, the challenges of customer attitude and demand, the challenges of bank service standards, and the challenges of new technology, all of which may have an impact on the study's deposit mobilization results. Some studies were undertaken on the determinants and elements that influence the bank's deposit mobilization. Even the variables covered in prior studies did not fully encompass the variables investigated in the current investigation.

CHAPTER THREE: METHODOLOGY

3.1 Research Design and Approach

A research design is a set of methods and procedures used to gather and analyze data on the variables indicated in the problem investigation. There are several sorts of study designs, including descriptive, co relational, semi-experimental, and experimental, review, and meta-analysis. For this research study, a descriptive design was employed since the research was conducted to explain the exits situation of the bank deposit mobilization practice.

The research approach is a plan and technique that progresses from general assumptions to precise methods of data gathering, analysis, and interpretation.

3.2 Data Types and sources

For the purpose of the study, the researcher used data from primary and secondary sources. The main source of information was a questionnaire completed by thirty respondents who had worked for the bank for five years or more and had sufficient expertise mobilizing deposits From the East Addis Ababa District branches, Branch manager, senior customer service officer, accountant and highly experienced employees of the bank. Additionally, it takes less time and money. The secondary Data obtained from many articles, journals, publications, and previous research works pertinent to this topic and internal deposit mobilization practice related reports of the bank and various annual reports.

3.3 Sampling Technique

This study used a non-probabilistic purposive sampling approach to collect data. This is due to the fact that the respondents who were chosen and had appropriate positions and enough work experience is best suited to accomplish the goal of the study.

3.4. Sample size

Purposive sampling was used in the investigation. So as to get representative data for this study, a sort of judgment sampling was used by the researchers. It's possible to refer to this situation as a classic example of expert sampling, in which panels of elders who are also experts in the position choose a sample that will yield the required data to identify the best applicant for the position.

The non-probability purposive a sampling method was employed to acquire data for this inquiry. A sample of thirty responders who had worked for the bank for five years or more was chosen for the investigation. This is due to the fact that the Branch Manager and Senior Customer Service Officer are among the chosen responders who, with their relevant positions and ample work experience, can most effectively fulfill the research goal.

3.5. Data Collection method

The primary data the researcher collected from primary source through questionnaires. Questionnaire will be conducted by the researcher to East Addis Ababa District Branch manager, senior customer service officer in order to find the important information or data that directly related to deposit mobilization. The secondary data obtained from different manual and other reference that is related to deposit mobilization activity and the bank annual report.

Chapter Four

4. Data Presentation and Analysis

This part, Analyzing the Trends and Practice of Deposit Mobilization Challenges and Prospects, focuses mostly on the information gleaned from the topic study. This chapter provides background information on the chosen respondents, as well as their perceptions of the EAAD's performance, service quality standards, obstacles to the District's delivery performance, difficulties with cash mobilization, and strategies for enhancing resource mobilization. To meet the study's goals, the analysis aims to validate the research questions.

Table 4.1. Background Information of the Respondents

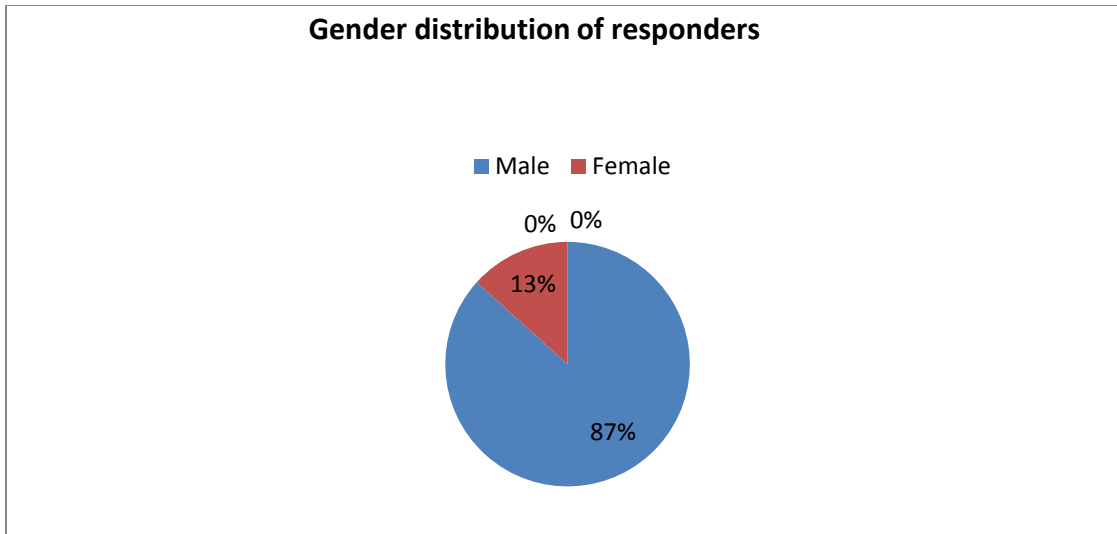
Gender, age, Educational Status and Experience Distribution of the Responders

S/N	Items	Response Category	Number/frequency	Percentage
1.	Sex	Male	26	86.67%
		Female	4	13.33%
2.	Age	18-25	-	-
		26-35	16	53.33%
		36-45	10	33.33%
		46-55	4	13.33%
3.	Educational Status	BA/BSc	12	40%
		MA/MSc	18	60%
4.	Experience	3-5	6	20%
		5-7	14	46.67%
		Above 7 years	10	33.33 %

Source: Field work May 2024

The age distribution of the sampled population is shown in the pie chart below, where 86.67% Men made up the majority of the responders, with women accounting for 13.33%.

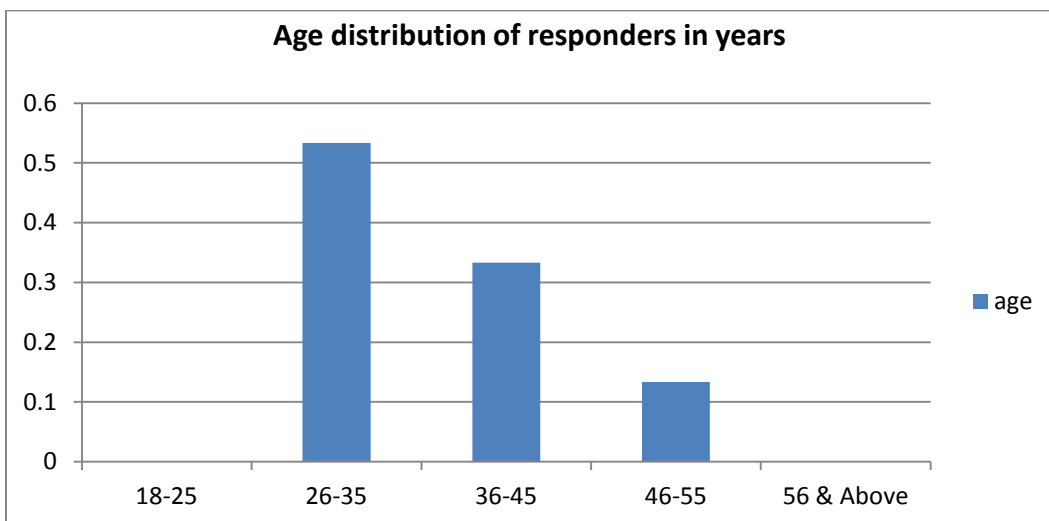
Figure 4.1 Gender distributions of respondents



Source: Field work May 2024

As to the data obtained, Figure 4.2 indicates that 86.67% of responders were between the ages of 26 and 35, 53.33 percent between the ages of 36 and 45, 33.33 percent between the ages of 46 and 55, and 13.33 percent between the ages of 13 and 35.

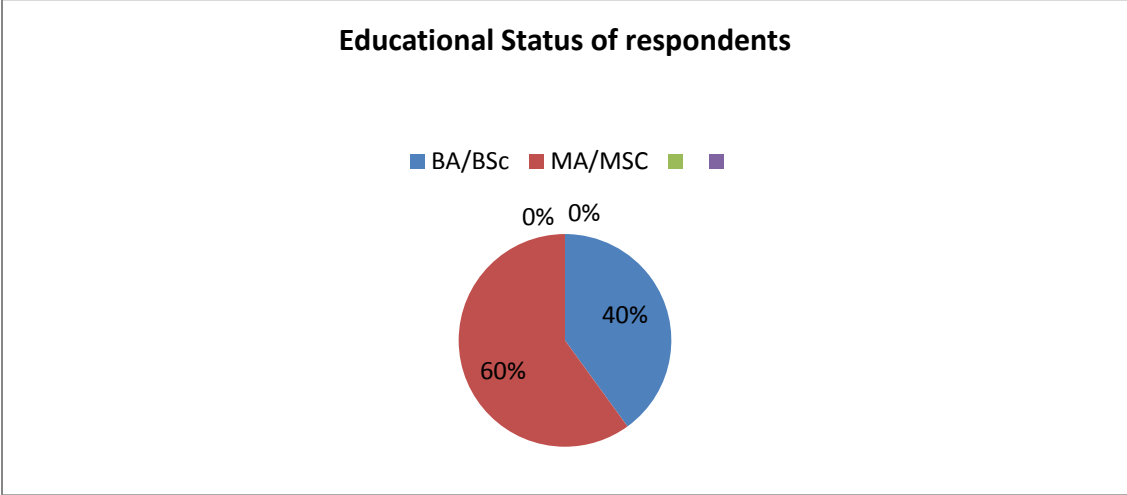
Figure 4.2 Age distribution of responders in years



Source: Field work May 2024

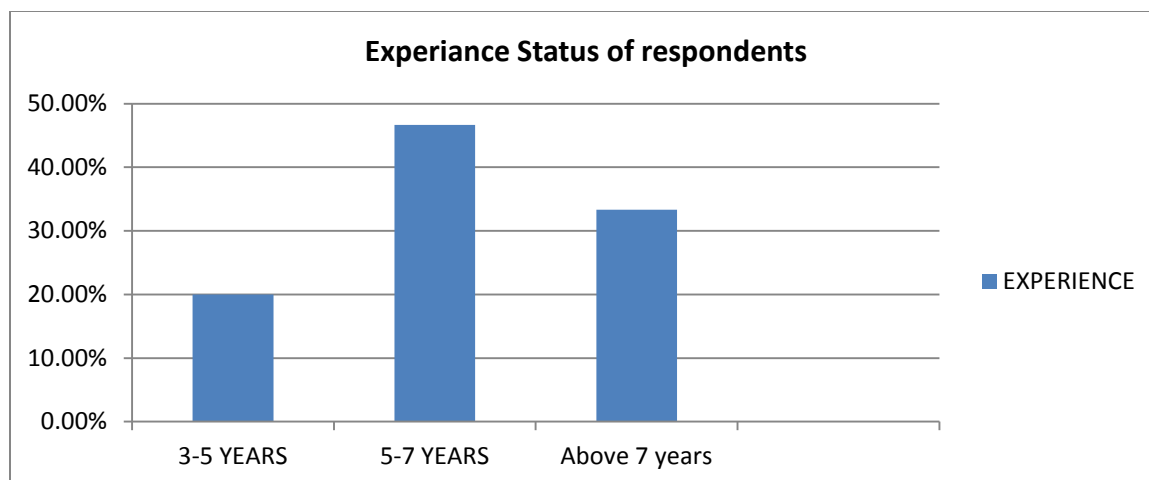
In light of the technical nature of the topics being reviewed, an examination of the respondents' educational status was necessary. The assessment's findings are shown in figure 4.3, where 60% of respondents held a postgraduate degree and 40% of respondents were degree graduates. This suggests that the company employs highly skilled personnel.

Figure 4.3 Educational distributions of respondents in years



Source: Field work May 2024

The data reveals that 20% of the respondents had been working with the bank for three to five years, 46.67% had been do business with the bank for five to seven years, and the remaining 33.33% had been doing business with the bank for more than seven years, as shown in figure 4.4 below, which displays the number of years the selected respondents had been working with Bunna Bank. **Figure 4.4** Experience statuses of respondents



Source: Field work May 2024

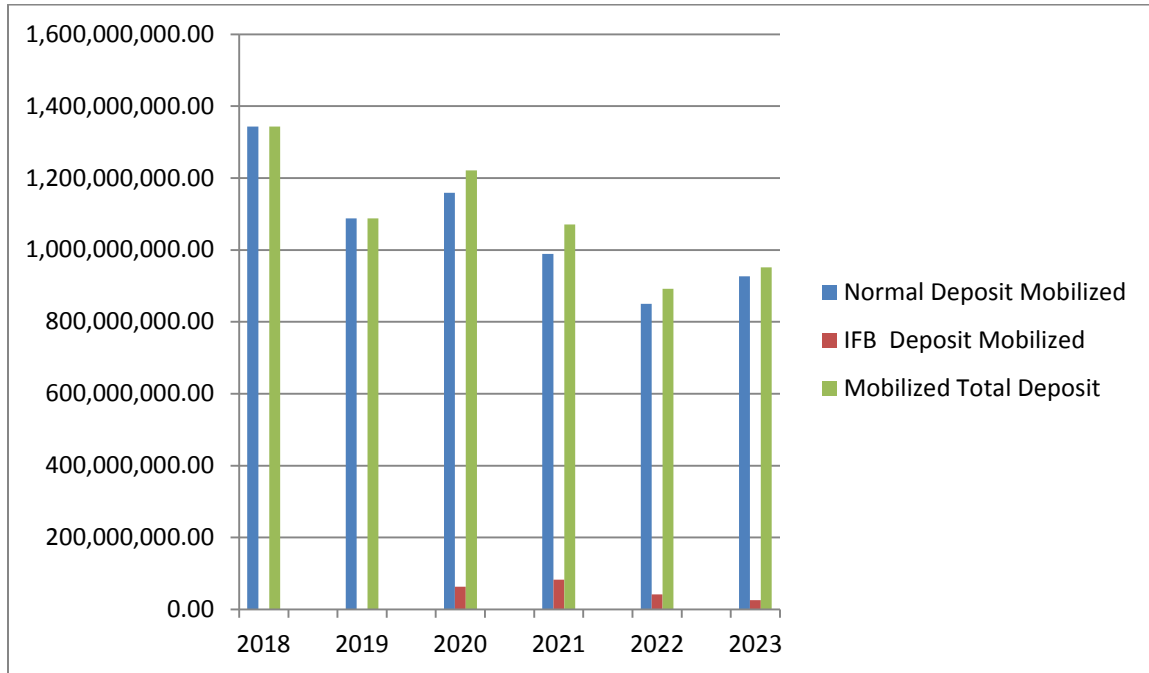
The secondary data source presents Bunna Bank East Addis Ababa District's deposit mobilization performance over the last six fiscal years. Growth rate of Normal (conventional) deposit, IFB Deposit and total deposit mobilized Bunna bank EAAD.

Table 4.2. Deposit Mobilizations Annual report of the District, 2018-2023.

Years	Normal Deposit Mobilized	IFB Deposit Mobilized	Mobilized Total Deposit	Variation of Deposit	Percentage variation deposit
2018	1,342,871,722.98	0.00	1,342,871,722.98	-	-
2019	1,087,698,527.58	0.00	1,087,698,527.58	(255,173,195.4)	(0.2346)
2020	1,158,584,925.79	63,061,364.71	1,221,646,290.50	133,947,762.92	0.1095
2021	988,545,121.56	82,391,805.77	1,070,936,927.33	(150,709,363.17)	(0.1407)
2022	850,443,120.51	41,619,449.82	892,062,570.33	(178,874,357)	(0.2005)
2023	926,325,994.48	25,615,873.74	951,941,868.22	59,879,297.89	0.0629

Source: **Bunna Bank EAAD District Report (2018-2023)**

Figure 4.5 Deposit Mobilizations Annual report of the District, 2018-2023.



Source: Bunna Bank EAAD District Report (2018-2023)

From year 2018 to 2019 there was a fall the amount total deposit from 1,342,871,722.98 to 1,087,527.58. In year 2019 there was a reduction of total deposit by 0.02346%. In year 2020 the table and graph shows an increase the total deposit. From year 2019 to 2020 total deposit raise by 0.1095%. However the figure experienced as steady declining during the next two years 2021 and 2022 the percentage 0.1407% and 0.2005% respectively. There was additional growth in year 2023 deposit rose by an additional 59,879,297.89 or 0.0629%.

Generally, as seen in the table above, total deposits have gradually decreased. Overall, the deposits from the aforementioned four fiscal years require improvement.

Table 4.3: Deposit Mobilization Challenge

Mobilization Challenge	SD	D	NS	A	SA
Competition in the banking industry				10	20
Cumbersome(complicated) account opening procedure and process		8	8	6	8
Service delay and duplication			6	18	6
Branch office location& poor parking area		2	8	4	16
The bank does not provide different training to its employees regarding deposit mobilization.	2	2	16	8	2
The bank introduced a new product for deposit mobilization		8	4	8	10
Poor customer service	2	2	14	6	4
Minimum balance deposit		4	4	8	14
Provision of loan to customer are inadequate	2	6	4	8	10
Inflation, political instability& unstable economic conditions	2	4		10	14

Source: Field Work, May, 2024.

Table 4.3 shows that a significant deposit mobilization difficulty in the banking business is the competition, with 66.67% of respondents strongly agreeing and 33.33% agreeing. This suggests that one of the main obstacles to banks mobilizing deposits is competition in the banking sector. Conversely, 26.67% disagree that the account opening requirement is a less major hindrance to the bank's performance, whereas 26.67% were unaware of the issue with Bunna EAAD delivery

performance. Twenty percent of respondents agreed that there was a challenge in the delivery performance, and twenty-six percent strongly agreed that the demand for account opening posed a challenge. This suggests that one obstacle to deposit mobilization is the laborious (complex) account opening process.

Twenty percent of respondents were unsure about the service delay and duplication related to the bank's deposit mobilization, While 60% of respondents agreed and 20% strongly agreed. This implies that, the Service delay and duplication challenges for deposit mobilization of the bank should be improved services.

Furthermore, 6.67% claimed that the Branch office's location and limited parking space present a deposit mobilization challenge. 26.67% were also unsure about the Branch office's location and lack of parking as a major hindrance to the bank's deposit mobilization, with 13.33% agreeing and 53.33% saying SA. This suggests that districts should evaluate branch office layout and inadequate parking to increase the bank's deposit mobilization. Another issue in deposit mobilization was attributable to the bank. Not provides distinct deposit mobilization training to its workers; 6.67% of respondents were SD, 6.67% disagreed, 53.33% were unsure of the challenge in deposit mobilization, 26.67% agreed, and 6.67% were SA. This suggests that, various training to its workers concerning deposit mobilization, not issues in mobilizing adequate. In addition, 6.67% of the selected respondents strongly disagreed with the statement "poor customer service." 6.67% of respondents disagreed, 46.67% were unsure, 20% agreed, and 13.33% said it was difficult to mobilize deposits in the bank. This means that the bank should make small improvements to its services.

Another problem facing the deposit mobilization of Bunna Bank EAAD was the minimum balance deposit. According to Table 4.3, 13.33% of respondents disagreed and 13.33% were unsure about the difficulty of deposit mobilization, whereas 26.67% agreed and 46.67% were

certain about the challenge of deposit mobilization. This means that the bank's management should examine the minimum balance deposit in order to attract a wider range of customers. One of the other key challenges to address is the inadequate provision of loans to customers. According to Table 4.3, 6.67% of responders strongly disagree with the provision of loans to customers, whereas 20% disagree with it. 13.33% were unsure, 26.67% agreed, and 33.33% supported it. This means that the bank's problem is based on its provision of loans to customers, which must be addressed by bank management. Inflation, political instability, and unstable economic conditions were all factors contributing to the bank's troubles. Table 4.3 showed that 6.67% of customers SD, 13.33% disagreed, 33.33% agreed, and 46.67% strongly agreed to inflation, political instability, and unstable economic conditions. This shows that inflation, political instability, and volatile economic conditions are among the difficulties the bank has in mobilizing deposits.

Table 4.4: Question Related to performance

performance	SD	D	NS	A	SA
Providing Loan facilities	4	2	4	4	16
Customer Care	4	2	10	8	10
Provide Competitive interest rates			10	14	6
Attractive banking products	2		2	18	8
Opening new account			6	14	12
Availability and functionality modern ICT facilities			8	8	14
Opening of new branches		2	4	14	10
Turnaround time(the process is complete)		2	10	12	6

Cash mobilization aggressiveness		4		14	12
The bank use merchant banking		2	2	20	6

Source: Field Study, May, 2024.

The EAAD branch's capacity to offer loan facilities to its clients is one of the major performance-related concerns. Table 4.4 shows that 13.33% of respondents disagree with the bank's loan facilities, 6.67% disagree, 13.33% were unsure, 13.33% agree, and 53.33% definitely agree. This suggests that the bank's ability to lend fund to its clients is a major factor in determining how well it performs, as lending money to clients can draw in new customers. An additional factor influencing performance of EAAD was its customer care. Table 4.4 reveals that 13.33% of responders SD whilst 6.67% disagree and 33.33% indicated were not sure to the Customer service are a factor in judging the bank's performance.

The competitive interest rates that Bunna Bank East Addis Ababa District offers its clients was another factor that determined the bank's performance. According to Table 4.4, 33.33% of respondents were unsure about the availability of competitive interest rates. 66.67% of people accept the clause. This suggests that by offering competitive interest rates, the bank draws in more customers and hence enhances its cash flow performance. Additional factors the availability of attractive banking products reveals that 86.67% of respondents think that respondents are a decisive factor in a bank's performance, while 6.67% disagree and 6.67% were unsure. This suggests that the bank's appealing financial products have been enhanced.

Additionally, the bank's performance is impacted by the opening of new accounts. Of the tested respondents, 20% said they disagreed with the assumption that the performance of EAAD branches is influenced by the creation of new accounts, while 46.67% said they were unsure and 40% said they agreed. This suggests that improved services provided for current clients are more

important to ensure than the bank's performance while opening new accounts. Accessibility and functionality of contemporary ICT facilities are further factors. While 73.33% of the sampled workers answered they agreed that the adoption of contemporary ICT resources have an impact on how well the bank performs, 26.67% indicated they were unsure. This suggests that the installation of contemporary ICT infrastructure will improve bank performance by expediting commercial operations. Additionally, the creation of new branches is taken into account when evaluating the bank's success. Eighty percent of the sampled staff members agreed with the statement that the establishment of additional branches affects EAAD performance, while thirteen percent disagreed and thirteen percent were unsure. This suggests that while the superior services provided by current branches serve as an indicator of success, the creation of new branches does not always ensure the mobilization of bank deposits.

Additionally, the bank's aggressiveness in cash mobilization 86.67% of the studied responders concurred with the assertion that cash mobilization is aggressive, while 13.33% of respondents disagreed. This suggests that the bank's deposit mobilization performance depends on how aggressively it mobilizes cash. An further factor influencing banks' usage of merchant banking Of the sampled respondents, 6.67% said they disagreed, 6.67% said they were unsure, and 86.67% said they agreed. This suggests that the bank's performance in terms of deposit mobilization depends on its usage of merchant banking.

Table 4.5: Main Challenges of Service Delivery

Service Delivery Performance	SD	D	NS	A	SA
Poor Customer Service	4	2	6	12	6
Time-consuming account opening requirements and processes	4	2	8	10	6

Inadequate branches	6	10	6	2	6
High Rate of Interest on loans	2	4	10	4	10
Less Availability and functional modern ICT facilities	2		12	8	8
Time consuming loan application process	2		10	6	12
Less Availability loan	2	2	8	10	8

Source: Field Study, May, 2024.

Regarding the other problem of bad customer service that is impacting the bank's delivery performance, 20% of staff members disagree, 20% are unsure, and 60% of respondents indicated they agree. This suggests that the bank's customer service needs to be improved in order to boost the bank's overall performance. Also, other determinants are challenge facing the delivery performance of Time-consuming account opening requirements and processes. Table 4.5 shows that, 20% of the staffs said agree, 26.67% they are said not sure and 53.33 % said agree. This implies that, Time-consuming account opening requirements and processes must be reduced by the management. With respect to the key difficulty influencing the EAAD's delivery performance, inadequate branch received negative feedback from 53.33% of respondents, neutral feedback from 20%, and agreement from 26.67% of respondents. This implies that, number of branch is not major challenge for EAAD branches for deposit mobilization.

Furthermore, 46.67% of respondents disagreed with the high interest rate on loans, while 13.33% disagreed and 33.33% were unsure that the high interest rate on loans is a significant obstacle to bank deposit mobilization. This suggests that in order to boost mobilizing deposits at the bank, the management ought to consider the high loan interest rate.

Another determinates time consuming loan application process, the sampled respondents, that is, 6.67% disagree, 33.33% are said not sure and 60% the respondents said agree. This suggests that

in order to maximize deposits, the bank should examine the loan application process. Additionally, 26.67% of respondents were unsure whether the limited loan availability is a significant obstacle to bank deposit mobilization, while 60% of respondents agreed. Of the respondents, 13.33% disagreed. This suggests that giving a customer a loan is sufficient.

Table 4.6: Question related to service quality standard

service quality standard	SD	D	NS	A	SA
Working hours are sufficient for deposit mobilization.	2	4		14	10
Location of the branch are convenient for customers	2	2	8	6	12
Physical facilities at the bank visually appealing	2	2	8	6	12
Increasing Customer handling culture		6	4	8	12
Performing services right the first time		4	6	8	12
Readiness to respond to customer compliant	2	4		12	12
The quality of service provided to customers is good		2	6	16	6

Source: Field study in May 2024.

One of the most important issues to deal with the service quality standard of bank, working hours is enough for deposit mobilization. From Table 4.6, 20% of the sampled respondents disagree, 80% agree this implies that, enough working hours are crucial for deposit mobilization.

Other determinants Location of the branch are convenient for customers table 4.5 shows 13.33% of the respondents disagree, whilst 26.67% indicated they not sure and 60% indicated agreed. This suggests that using a branch location that is handy for depositing money into accounts will be a main factor in the mobilization of deposits. Enhancing bank's customer service culture has an additional impact. According to the data collected for the above table, 20% of the sampled

respondents agreed, 13.33% were unsure, and 66.67% indicated they agreed. This suggests that a stronger customer handling culture was implemented to raise consumers' confidence levels and enhance deposit mobilization.

Also, 13.33 % of the respondents disagree the Performing services right the first time, 20% also were not sure whilst 66.67 % of the respondents said they agree. This implies that, performing services right the first time improving service quality standard of the bank. From the table, the bulk of the sampled respondents (80%) they agree to Readiness to respond to customer compliant, 20% of the sampled respondents indicated disagree to that assertion. This implies that Readiness to respond to customer compliant is one mechanism for service quality standard. Other determinants of Table 4.6 shows that the quality of service provided to customers is good, 6.67% disagree, 20% of the respondents were not sure and 73.33% are agree. This implies that the provision of quality of service to the customer is a way of increasing the Bank deposit.

Table 4.7: Question related Improving deposit Mobilization

Improving deposit Mobilization	SD	D	NS	A	SA
Reduce Queuing and waiting time	2		3	8	14
Reducing account opening procedures and processes.			6	12	12
Avoiding Service delay and duplication		2	6	8	14
Availability and functionality of current ICT facilities (e.g. ATMs, Pos, Merchant, Mobile banking, etc.)	2	2	2	6	18
Reducing exorbitant interest rates on loans			4	14	12
Increase number of branches	4		4	10	12
minimum balance for account opening	4	2	8	6	10
The use of attractive products, incentives and gift	2		2	4	22

Easy personal Identification format			2	14	14
Encourages door-to-door deposit collection		4	2	10	14
Improve local money transfers (bank to bank)			2	8	20
Reduce requirements for loan application		2	2	12	14
Providing Different types of loans			2	10	18
Improving advertising		2	4	6	18
Commitment to Social responsibility		4		6	20
Building Customer goodwill “customer first” mentality		2		10	18

Source: Field Study in May, 2024.

According to Table 4.7, 20% of respondents were unsure regarding ,Reducing account opening procedure and process, 80% of respondents said they are agree to this assertion. This implies that, Reducing account opening procedure and process make customers interested to open account bank thereby improving its deposit mobilization. Also, another way to improve its deposit mobilization by Avoiding Service delay and duplication. According to the data in the table, 6.67% of the samples disagree, 20% said not sure and 73.33% agree. This implies that, the bank should Avoiding Service delay and duplication its helps to improving deposit mobilization.

Table 4.7Availability and functional modern ICT facilities highlights that, 13.33% of the respondents disagreed, 6.67% were unsure, and 80% agreed. This suggests that a major factor in its deposit mobilization would be the availability and functionality of contemporary ICT facilities (such as ATMs, Pos, merchant, mobile banking, etc.). Another way that the bank might increase deposit mobilization is by lowering the high loan interest rate. According to the collected data, 86.67% of the sampled respondents agree and 13.33% of them are unsure that lowering high loan interest rates can draw in more customers and strengthen the bank's base of

mobilization. As seen in Table 4.7, 73.33% of respondents said they agreed with the idea of increasing the number of branches, while 13.33% disagreed and 13.33% were unsure.

Another aspect contributing to Bunna Bank EAAD's deposit mobilization is the use of appealing goods, incentives, and gifts. Consumers will be drawn to eye-catching goods in addition to rewards and presents. The figure clearly indicated that 86.67% of the sampled respondents, or the majority, agreed that introducing appealing goods and offering incentives is a critical component in strengthening the bank's base of mobilization. This suggests that appealing goods and incentives should be offered to raise consumer confidence and enhance deposit mobilization. Table 4.7 indicates that, 6.67% of the respondents not sure that, Easy personal Identification format, 93.33% of respondents said they are agree to this assertion. This implies that, Reducing Easy personal Identification format make customers interested to open account bank thereby improving its resource mobilization. Furthermore, Table 4.7 demonstrates that while 6.67% of respondents were uncertain about the idea of encouraging door-to-door deposit collecting, 13.33% of responders disagreed, and 6.67% were unsure, while the remaining 80% of respondents stated they agreed. This suggests that a bank's deposit mobilization can be improved by encouraging door-to-door deposit collection.

According to the chart, the majority of the examined respondents (6.67% are not sure) agree that better local money transfers at Bunna Bank EAAD are necessary to raise more money and enhance deposit mobilization. Better advertising is another factor driving greater deposits at the bank. According to the table, 80% of respondents agreed, 13.33% were unsure, and 6.67% disagreed. Another component in increasing the Bank's deposit mobilization is its commitment to social responsibility. According to the above table, 13.33% of sample respondents disagreed and 86.67% agreed. Building client goodwill with a "customer first" approach is one way to improve

deposit mobilization at Bunna Bank EAAD. According to the table, 6.67% disagree, while 93.33% agree that building customer goodwill and a "customer first" mindset in Bunna Bank EAAD is necessary to increase deposit mobilization.

CHAPTER FIVE

Summary of Findings, Conclusion and Recommendations

Introduction

The survey data were presented and analyzed in the previous chapter. The background of the sampled responders, their perceptions of Bunna Bank East Addis Ababa District performance, the difficulties the bank faces in delivering its services, the difficulties in mobilizing deposits and how to address them, and other issues were all taken into consideration. Thus, the main conclusions drawn from the data analysis are summarized in this chapter. The study's primary purpose was to investigate deposit mobilization.

5.1. Summary of Findings

Major findings were summarized

The research's conclusions demonstrated the Bank's deposit practices throughout the previous six fiscal years, from 2018 to 2023, indicated a modest overall reduction in deposits. The survey identified that, Competition in the banking industry ,onerous (complex) requirements and procedures for opening an account, Service lag and duplication, inadequate provision loans to customers, Poor Customer Service, Less Availability and functional modern ICT facilities, Time consuming loan application process, Location of the branch are inconvenient for customers, poor service delivery and Inflation, political instability, and unstable economic conditions pose significant hurdles to bank deposit mobilization. And also the study identified that Time consuming loan application process and Less Availability loan was a problem to cash mobilization situation of the bank. Another way to address the functional contribution of deposit mobilization is to lower the requirements for loan applications. The bank's management ought to examine the prerequisites for loan applications in order to ensure that the facility is available to consumers. Less Availability and functional modern ICT facilities like Mobile banking, ATM,

online banking not adequately function to meet the interest of the client properly as compared to the competitors there is limitation on the amount transfer bank to bank ,Poor Customer Service is one key finding for this study bank need improvement on Customer service will boost the bank's performance.

5.2 Conclusion

The primary goal of this investigation was to Assessing the Challenges and Prospects of Deposit Mobilization in Bunna Bank A Case Study of Selected Branches in East Addis Ababa District Based on panel data analysis cover the period 2018to 2023 and by using Primary data from 30 sampled respondents of experienced employee of the bank. The data was evaluated using descriptive analysis, and the results The key finding was that shows the challenges for deposit mobilization in Bunna bank, The survey identified that, Competition in the banking industry ,cumbersome (complicated) account opening procedure and process , Service delay and duplication, inadequate provision of loans to customers, Poor Customer Service, Less Availability and functional modern ICT facilities, Time consuming loan application process, Location of the branch are inconvenient for customers, poor service delivery and inflation, political instability, and unstable economic conditions are the major challenges for banks deposit mobilization. As a result of these challenges, the bank is unable to produce enough deposits to cover its operations. It is therefore critical to design realistic methods to manage the efficiency and effectiveness of growing the bank's deposit mobilization.

5.3 Recommendations

To analyze the pattern and practice of deposit mobilization issues in Bunna Bank East Addis Ababa District, The following recommendations have been made to help Bunna Bank address its

deposit mobilization difficulties. In the east Addis Ababa district selected branches. The following recommendations are projected:

- ✓ To achieve adequate or progressive deposit growth, bank management should assess their client services. To serve the interests of clients, Banks should refrain from offering shoddy customer service and laborious account opening procedures.
- ✓ Bank management should assess services given. Less availability and functionality of current ICT services, time-consuming loan application process, and minimum balance deposit, to name a few. The management of the bank should evaluate the aforementioned services in order to enhance client satisfaction and, consequently, expand the bank's base for deposit mobilization.
- ✓ It is advised that management advertises attractive gifts, incentives, and products. If there is a chance to win or receive something after banking with the bank, clients, and new consumers will be encouraged to do business with them. Since consumers are sensible and frugal, attractive goods will pique their interest along with gifts and incentives.
- ✓ Additionally, the bank's management should focus on enhancing local money transfers. Real-time growth settlement (RTGS) or domestic money transfers are a significant factor in enhancing the bank's deposit mobilization.
- ✓ The bank should Avoiding Service delay and duplication its helps to improving deposit mobilization.
- ✓ It is also recommended that, use of convenient branch location Depositing funds into accounts will considerably help the management mobilize deposits of bank should look at the Branch office location & poor parking area amended to enhance the deposit mobilization of the bank.
- ✓ Promoting door-to-door deposit collection make bank improving its deposit mobilization.

- ✓ The bank's management ought to plan frequent training sessions for employees covering topics including aggressive deposit mobilization, excellent customer care, and customer service. By doing this, the staff's knowledge and abilities would be improved, leading to better customer service, addressing the needs of customers, and proactive staff deposit mobilization.
- ✓ One other issue facing the bank is primarily related to its The bank management needs to have made changes since the loans it provides to customers are insufficient.
- ✓ The bank management should look loan application process and the provision of loan to customer to optimize the deposit.
- ✓ To increase customer confidence and deposit mobilization, management should prioritize enhancing the bank's service quality standards from the start.
- ✓ It is also recommended that, the management of bank should work on commitment to social responsibility to improve its deposit mobilization
- ✓ The managements critically look, about Building of Customer goodwill “customer first” mentality.

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Appendices: Questionnaires

Addis Ababa University
College of Business and Economics
Department of Public Administration and Development Management

Target Respondent: Branch manager and senior officer

I am PADM student of the above institution and conducting a study *Assessing the Challenges and Prospects of Deposit Mobilization in Bunna Bank a Case Study of Selected Branches in East Addis Ababa District* I'm respectfully urging some minutes of your time to respond to the questions on this questionnaire. This questionnaire is strictly for academic purposes and any information provided will thus be treated with qualified confidentiality.

Thank you.

Introduction: Respondents Profile

Please indicate your preference by ticking (√) against your preferred option where appropriate.

1. Gender

Male Female

2. Age (in years)

18-25 26-35 36-45 46-55 56 and above

3. Education

None Diploma Degree Master PhD

4 Work experience in Bunna Bank.

below 3 years 3-5 years 5-7 years above 7 years

1. Deposit Mobilization Challenge

Using a scale of 1-5, where 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; indicate your level of agreement with regards to the Challenge

	1	2	3	4	5
Competition in the banking industry					
Cumbersome(complicated) account opening procedure and process					
Service delay and duplication					
Branch office location& poor parking area					
The bank does not provide different training to its employees regarding deposit mobilization					
The bank introduced new product for deposit mobilization					
Poor customer service					
Minimum balance deposit					
Provision of loan to customer are inadequate					
Inflation, political instability& unstable economic conditions					

2. Question Related to performance

Using a scale of 1-5, where 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; indicate your level of agreement with regards to the performance

	1	2	3	4	5
Providing Loan facilities					
Customer Care					
Provide Competitive interest rates					
Attractive banking products					
Opening new account					
Availability and functionality modern ICT facilities					
Opening of new branches					
Turnaround time(the process is complete)					
Cash mobilization aggressiveness					
The bank use merchant banking					

3. Main Challenges of Service Delivery

Using a scale of 1-5, where 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; Do you agree with regards to challenges facing delivery performance?

	1	2	3	4	5
Poor Customer Service					
Time-consuming account opening requirements and processes					
Inadequate branches					
High Rate of Interest on loans					
Less Availability and functional modern ICT facilities					

Time consuming loan application process					
Less Availability loan					

4. Question related to service quality standard

Using a scale of 1-5, where 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; Do you agree with regards to service quality standard?

	1	2	3	4	5
Working hours are sufficient for deposit mobilization					
Location of the branch are convenient for customers					
Physical facilities at the bank visually appealing					
Increasing Customer handling culture					
Performing services right the first time					
Readiness to respond to customer compliant					
The quality of service provided to customers is good.					

5. Question related Improving deposit Mobilization

Using a scale of 1-5, where 1=strongly disagree, 2= disagree, 3= Not sure, 4= agree, and 5= strongly agree; which of the following will increase deposit mobilization?

	1	2	3	4	5
Reduce Queuing and waiting time					
Reducing account opening procedure and process					
Avoiding Service delay and duplication					
Availability and functionality of current ICT facilities (e.g. ATMs, Pos, Merchant, Mobile banking, etc.)					
Reducing exorbitant interest rates on loans					
Increase number of branches					
minimum balance for account opening					
The use of attractive products, incentives and gift					
Easy personal Identification format					
Encourages door-to-door deposit collection					
Improve local money transfers (bank to bank)					
Reduce requirements for loan application					
Providing Different types of loans					
Improving advertising					
Commitment to Social responsibility					
Building Customer goodwill “customer first” mentality					