



St. Mary's **ቅድስት ማርያም**
University **የኢኮኖሚክስ**
Committed to Excellence

ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**Factors Affecting the Growth of Saving Customers in Commercial Bank of
Ethiopia; the Case of Selected Districts in Addis Ababa**

BY

MahderMezgebu

July, 2021

Addis Ababa, Ethiopia

**Factors Affecting the Growth of Saving Customers in Commercial
Bank of Ethiopia; the Case of Selected Districts in Addis Ababa**

By: MahderMezgebu

Advisor: MesfinTsfaye (PhD)

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY COLLEGE, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFIIMENT OF THE REQUIREMENT FOR THE
DEGREE OF MASTER OF BUSINESS ADMINSTRATION

July, 2021

Addis Ababa, Ethiopia

Declaration

I, MahderMezgebu declare that this work entitled “Factors Affecting the Growth of Saving Customers in Commercial Bank of Ethiopia; The Case of Selected Districts in Addis Ababa” is the outcome of my own effort and study and that all sources of materials used for the study have been acknowledged. I have produced it independently except for the guidance and suggestions of Research Advisor.

This study has not been submitted for any degree in this university or any other universities. It is offered for the partial fulfillment of degree of master of business administration.

By: MahderMezgebu

Signature _____

Date _____

Statement of Certification

This is to certify that this thesis work, “Factors Affecting the Growth of Saving Customers in Commercial Bank of Ethiopia; The Case of Selected Districts in Addis Ababa” undertaken by MahderMezgebu for the partial fulfillment of degree of master of business administration (MBA) at st.mary’s university, is an original work and not submitted earlier for any degree either at this University or any other Universities.

MesfinTeskaye (PhD)

Name of Principal Advisor



Signature

22/07/21




Date

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

**Factors Affecting the Growth of Saving Customers in Commercial
Bank of Ethiopia; the Case of Selected Districts in Addis Ababa**

By
MahderMezgebu

Approved by Board of Examiners:

| | | |
|------------------------------------|---|-------------------|
| _____ | _____ | _____ |
| Dean, Graduate Studies | Signature | Date |
| <u>Mesfin Tesfaye (Ph.D)</u> |  | <u>22/07/2021</u> |
| Advisor | Signature | Date |
| <u>EphremAssefa (Ph.D)</u> |  | <u>18/07/2021</u> |
| Internal Examiner | Signature | Date |
| <u>YibeltalAschale(Asst.Prof)</u> |  | <u>10/07/2021</u> |
| External Examiner | Signature | Date |

Stamp of SGS

Date: _____

Acknowledgements

First and for most, I would like to express my sincere thanks to Almighty God and his mother St. Marry, who helped me in all aspect of my life.

I would also like to convey my heartfelt appreciation and deepest gratitude to my advisor, MesfinTesfaye (PhD) for his invaluable comments, encouragements and expert guidance at various stage of the study.

Then my heartfelt gratitude goes to my family, for their heart full encouragement, appreciation and Support throughout my study and thesis work. Moreover, I am thankful to my friends for their friendship and consistent support.

Last but not the least, my special gratitude goes my colleagues at Commercial Bank Ethiopia for their encouragement, and support.

Table of Contents

| | |
|--|-----|
| Declaration..... | ii |
| Statement of Certification..... | iii |
| Approved by Board of Examiners:..... | iv |
| Acknowledgements..... | v |
| List of Tables and List of Figure..... | ix |
| List of Acronyms and Abbreviations..... | x |
| <i>Abstract</i> | xi |
| CHAPTER ONE..... | 1 |
| 1. INTRODUCTION..... | 1 |
| 1.1 Background of the Study..... | 1 |
| 1.2 Background of the organization..... | 2 |
| 1.3 Statement of the Problem..... | 4 |
| 1.4 Objectives of the Study..... | 6 |
| 1.4.1 General Objective..... | 6 |
| 1.4.2 Specific Objectives..... | 6 |
| 1.5 Research Question..... | 6 |
| 1.6 Significances of the Study..... | 7 |
| 1.7 Definition of Key Terms..... | 7 |
| 1.8 Scope and Limitation of the Study..... | 8 |
| 1.9 Organization of the Paper..... | 9 |
| CHAPTER TWO..... | 10 |
| REVIEW OF RELATED LITERATURE..... | 10 |
| 2. Theoretical Literature Review..... | 10 |
| 2.1 Introduction..... | 10 |
| 2.1.1 Historical background of the banking industry in Ethiopia..... | 10 |
| 2.1.2 Commercial Banks saving..... | 11 |
| 2.1.3 The importance of savings for banks..... | 12 |
| i. Deposits as a source of fund for loan..... | 12 |
| ii. Mobilizing deposit is cheaper than raising equity..... | 12 |

| | | |
|--|---|----|
| iii. | Banks make profit using their deposits | 12 |
| iv. | Fund investment and/or development projects | 13 |
| 2.2 | Empirical Literature Review | 13 |
| 2.2.1 | Factors Affecting customers saving of Commercial Banks..... | 14 |
| i. | Service Quality..... | 14 |
| ii. | Accessibility of the bank..... | 15 |
| iii. | Customer Satisfaction | 15 |
| iv. | Customer Loyalty..... | 16 |
| 2.2.2 | Review of Empirical Studies | 16 |
| 2.3 | Summary and knowledge gap..... | 19 |
| 2.4 | Conceptual Framework of the Study | 21 |
| 2.5 | Research Hypothesis..... | 21 |
| CHAPTER THREE | | 22 |
| RESEARCH METHODOLOGY..... | | 22 |
| 3. | Introduction | 22 |
| 3.1 | Research Approach | 22 |
| 3.2 | Research Design..... | 22 |
| 3.3 | Target Population..... | 23 |
| 3.4 | Sample size and sampling technique | 24 |
| 3.5 | Data Type and Source | 25 |
| 3.6 | Data Collection Instrument | 25 |
| 3.7 | Variable measurement and model specification | 26 |
| 3.8 | Data Processing and Analysis Method | 26 |
| 3.9 | Diagnosis tests | 27 |
| 3.10 | Reliability and Validity Test..... | 27 |
| i. | Reliability Test..... | 27 |
| ii. | Validity | 28 |
| 3.11 | Ethical Consideration..... | 28 |
| CHAPTER 4 | | 29 |
| DATA PRESENTATION, ANALYSIS AND INTERPRETATION | | 29 |
| 4. | Introduction | 29 |
| 4.1 | Demographic Characteristics of the Respondents | 29 |

| | | |
|--|--|----|
| 4.2 | Descriptive Analysis | 34 |
| 4.2.1 | Perceptions of respondents towards service quality | 34 |
| 4.2.2 | Perceptions of respondents towards bank accessibility | 35 |
| 4.2.3 | Perceptions of respondents towards customer satisfaction | 36 |
| 4.2.4 | Perceptions of respondents towards Customer loyalty | 36 |
| 4.3 | Correlation Analysis | 37 |
| 4.4 | Assumptions of Multiple Regression Model | 39 |
| 2.1.1 | Test for Normality..... | 39 |
| 2.1.2 | Test for Linearity and Homoscedasticity | 41 |
| 2.1.3 | Test for Multicollinearity | 42 |
| 2.1.4 | Test of Independent of Residuals..... | 43 |
| 4.5 | Regression Analysis | 44 |
| 4.6 | Discussion on Hypothesis Test | 45 |
| CHAPTER FIVE | | 48 |
| SUMMARY, CONCLUSION AND RECOMMENDATION | | 48 |
| 5. | Summary of Finding..... | 48 |
| 5.1 | Conclusion | 49 |
| 5.2 | Recommendations..... | 50 |
| Reference | | 52 |
| APPENDICES | | 55 |
| APPENDIX A:..... | | 56 |
| QUESTIONNAIRE | | 56 |

List of Tables and List of Figure

List of Tables

| | |
|--|----|
| Table 3.1: Daily average of customer service in sample branches | 23 |
| Table 3.2: Sample and sample percentage | 24 |
| Table 3.3: Reliability analysis for each variable..... | 28 |
| Table 4.1: Frequency distribution of gender, age group and marital Status | 29 |
| Table 4.2: Frequency distribution of being customer in years and Current products..... | 30 |
| Table 4.3: General Information: Education level, work status and work experience..... | 31 |
| Table 4.4: Saving growth..... | 33 |
| Table 4.5: descriptive statistics | 34 |
| Table 4.6 correlation matrix for the selected variable | 37 |
| Table 4.7: Test for Multicollinearity: Collinearity Statistics | 43 |
| Table 4.8: Test of Independence of Residuals | 43 |
| Table 4.9: Multiple Regression analysis result | 44 |
| Table 4.10: Summary of Analysis of Variance (ANOVA ^a) | 44 |
| Table 4.11: Coefficients of growth of saving customer regression | 45 |
| Table 4.12: Summary of Hypothesis | 47 |

List of Figures

| | |
|---|----|
| Figure 2.1: Conceptual Framework | 21 |
| Figure 4.1: Histogram | 40 |
| Figure 4.2: Normal probability plot (NPP) | 41 |
| Figure 4.3: Scatter Plot Linearity and Homoscedasticity | 42 |

List of Acronyms and Abbreviations

AB: Accessibility of the Bank
B.A.: Bachelor in Art
B.Sc.: Bachelor Science
CBE: Commercial Bank of Ethiopia
CL: Customer Loyalty
CS: Customer Satisfaction
E-views: Econometric Views Software version
G.C: Gregorian calendar
GDP: Gross Domestic Product
M.A.: Masters in Art
M.Sc.: Masters in Science
MIS: Management of Information System
NGO: Non-Government Organization
OLS: Ordinary Least Squares
SAP: Structural Adjustment Programs
SD: Standard Deviation
SG: Saving Customers Growth
SPSS: Statistical Package for the Social Science
SQ: Service Quality
T24: Temenos Core Banking Software

\

Abstract

The purpose of this study was to determine the factors affecting the growth of saving customers in Commercial Bank of Ethiopia; in the Case of Selected Districts Addis Ababa. In order to achieve this objective descriptive and regression analyses were performed. The target population was emphasized on Commercial Bank of Ethiopia, specifically in selected four districts of Addis Ababa. Accordingly, six branches of Commercial Bank Ethiopia in Addis Ababa city were purposively selected for this study. Saving is a fundamental part of banking activity. Hence, it is critical to understand the nature of saving customers growth behavior in designing policies to promote savings and investment which in turn enhance economic growth through capital formation. This research empirically examines the determinants of customer saving in Commercial Bank of Ethiopia, particularly districts in Addis Ababa. The researcher adopted quantitative research approach. The data were gathered through questionnaire. The explanatory variables used in this study were service quality, bank accessibility, customer satisfaction, and customer loyalty. The effects of these variables on customer saving were analyzed using multiple regression analysis. Different diagnostic tests (test for assumptions of normality, test for linearity and homoscedasticity, test for no multicollinearity, test of independent of residuals) were conducted to check the appropriateness of the model. The diagnostic results show that none of the classical linear regression model assumption is violated. Among the independent variables, service quality significantly affect saving customers. Customer loyalty was also next to service quality and significantly affects Commercial Bank Ethiopia's customer saving. Generally, the results of regression analysis reveal that all explanatory variables were positively and significantly affect the growth of customer saving. The researcher recommends that Commercial Bank of Ethiopia should add values and enhance service quality, bank accessibility, customer satisfaction and customer loyalty to achieve the growth in saving customers. It is an indispensable tool for gaining competitive advantage and builds long-lasting and profitable relationships with its customers.

Keywords: Commercial Banks of Ethiopia, Determinants, Growth of saving customers.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

This study was conducted to examine “factors affecting the growth of saving customers” with reference to the Commercial Bank of Ethiopia.

In the current business environment, banking industries are becoming more and more lucrative and many people are joining the industry (Asiedu, 2015a). This has made the industry to be highly competitive and as a matter of fact, satisfying customers and gaining their loyalty to achieve saving customers’ growth determine the long run fate of the business. This requires the employment of the effective competitive strategies to remain in the industry.

Saving is one of the important variables for economic development that has emerged as the central issue in developing countries. It is a pillar of economic growth when its provision as a loan passes through appropriate channels. Saving mobilization and credit provision by financial institutions contribute to economic growth and leading players in the sector. The greater is the saving rate, the higher is the growth rate a country can attain. For economic development, growth is a must which cannot be achieved without investment or capital accumulation and saving through investment plays a vital role in this process (Pollet, 2009).

Saving rate in Ethiopia is low even by the Sub-Saharan African standard. A number of issues can be raised as to what accounts for the low rate of saving in the country. In fact, it can be argued that if there is willingness and motivation for effective saving, people can save whatever amount they have as dew drops provided that filling the pitcher is the aspiration. However, in low income nations like Ethiopia, where production is meant basically for subsistence with a uniformly inflationary period, saving is very difficult. Even if people save, the savers may lose due to decline in the purchasing power of the saved money surmounting the earning interest rate.

Customer satisfaction is an evaluation by the customer after buying their goods and services (Oliver, 1981). Schiffman and Kanuk (2007) have defined customer satisfaction as individuals’ perception of the performance of the product or service in relation to his/her expectations. Satisfaction is the customers’ evaluation of a product or service in terms of whether that product or service has met their needs and expectations.

One of the most commonly used strategies by business firms is product differentiation. But this strategy is not viable to the banking sector, since the products offered to the customers of the bank are more or less standardized in nature and easily imitated by the competitors. So banks are feeling on increasing need to differentiate themselves from the competitors by other criteria that can influence customers' satisfaction and loyalty (Gerpott et al., 2001).

In an era of mature and intense competitive pressures such as the increased competition, the need for innovation, the need to improve quality of products and services, and availability of new and effective information management tools, many firms are increasingly investing in technology and humans with the aim of leveraging intellectual assets to maintaining a loyal customer base. This is particularly true in financial services sectors where deregulation has created an environment that allows customers considerable choice in satisfying their financial needs(Asiedu, 2015a).

To meet the dynamic preferences of the customers and to stay ahead of competitors, bankers are bound to deliver quality and efficient services, improve their services features and deal with customers complaints effectively. Bankers can enhance customers' service by leveraging on technology, maintaining efficient service delivery standards and business process re-engineering (Knights and McCabe, 1996).

The growing number of banks over the years has resulted in banking sector efficiency and competition. This has led to growth in banks' profits. One of the key activities of banks contributing to their efficiency is deposit mobilization. In emerging markets, deposits are core to bank operations (Unvan and Yakubu, 2020). Most businesses heavily resort to bank loans as a source of financing and saving largely dictate how much funds are available for lending activities. Hence, the role of saving cannot be over emphasized. For banks to efficiently mobilize deposits, it is imperative to identify the key determinants affecting them. Thus, this study seeks to examine the determinants of saving customers growth in Commercial Bank Ethiopia (CBE) with special reference to Addis Ababa city.

1.2 Background of the organization

Banking is one of the oldest professions in human history, it also flourished with civilizations. Since humans started using money bank services were in use throughout

history. Modern banking as we know it today was established in Italy and Greece in the 15th century. Today, banks are one of the most important institutions for a modern economy to work in any country (Gedey, 1990).

In the context of Ethiopia there is limited number of bank branches to meet the demand of financial services to all its corners, especially in remote rural areas. Financial services are largely concentrated in urban areas. The country's economic growth requires a huge amount of investment and high saving that has been given high attention to encourage and develop domestic saving mobilization culture (Giragn 2015).

The history of the Commercial Bank of Ethiopia dates back to the establishment of the State Bank of Ethiopia in 1942. Commercial Bank of Ethiopia was legally established as a share company in 1963 to take over the commercial bank activities of the State Bank of Ethiopia, which was founded in 1942 with twin objective of performing the duties of both commercial bank and central banking. During the 1974 revolution Commercial Bank of Ethiopia got its strength by merging with the owned Addis Ababa Bank. Since then, it has been playing a significant role in the development endeavors of the country (Shemsu, 2015).

The bank has been playing a pivotal role in advancing economic development of the country for more than 75 years and is the pioneer to introduce modern banking to the country. This role can be maintained only when it is able to keep-up its good image by providing service that are most demanded by customers in the way they like it. The Commercial Bank Ethiopia still dominates the market in terms of asset, deposit, capital, and customer base and branch network. Despite the growing competition from private banks, Commercial Bank Ethiopia become powerful in all rounded banking business especially on deposit mobilization strategy. This makes it one of the most reliable and strong commercial banks in country (CBE, Annual Report, 2019/20).

Its strong capital base , for the last seven decades of rich experience in the market and wide branch network throughout the country have enabled the bank to accommodate the large demand for its service and increase its overall revenue on sustainable basis. The bank with its employee and management has aspiration to promote sound liquidity management framework which enables the bank bring itself to standard of modern international business practice and be competent enough in the national and international market. Today, more than ever before,

Commercial Bank Ethiopia aggressively expanded its presence in all directions of the country. Despite the flourishing of private commercial banks in the country, Commercial Bank Ethiopia has remained potent and is in the lead in terms of assets, deposits, capital, and customer base (CBE, Annual Report, 2019/20).

The Commercial Bank of Ethiopia, which is striving to become a world class bank, is rendering state of art and reliable service to its millions of customers both at home and abroad. It has a strong correspondent relationship with more than 50 renowned foreign banks (like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank) and has a SWIFT bilateral arrangement with more than 700 others banks across the world (CBE, Annual Report, 2019/20).

The business strategy of the bank focus on the interest of the public it serves. Accordingly, Commercial Bank of Ethiopia envisions ‘becoming world class commercial bank by the year 2025. In its strategic document too, it is clearly stated that the bank values both its customers and employees as not only important but also essential actors in all its endeavors of fulfilling public expectations (CBE, Annual Report, 2019/20).

1.3 Statement of the Problem

Deposit is the most liquid money that is found in the treasury of the bank and which is ready to be borrowed by a body in need of the fund. A deposit of the bank may be affected by different factors. One of the problems in mobilizing deposit is that banking activities in developing countries are limited to the officially existed marketing activities and the people in countries have not found well familiar with all banking services plus when it comes to savings. They are not completely rational and completely knowledgeable about financial system (Seyte Z. etal, 2018).

The study tries to assess factors affecting the growth of saving customers of Commercial Bank of Ethiopia. Branches located in Addis Ababa city is under various competitive conditions. Households, businesses, government and many other different institutions mobilize resource through customer deposit. The commercial bank is lending the money from its savings. Savings come from the customers who are investing their money in Commercial Bank of Ethiopia. So as to undertake this process the saving should be available first. A resource mobilization through customer deposit of the Commercial Bank of Ethiopia may be

affected by different factors. Since a deposit is most useful resource of the bank it is relevant to find out the factors affecting it and determining the relationship among them.

Ethiopian banking industry is still in its growing stage. The deposit generated by the country economy not yet been mobilized as much as expected. Evidence from National bank of Ethiopia indicates that from deposits that should be mobilized by banks only 7% is mobilized as of 2012 (Wubetu, 2012). This indicates that from the money that should be deposited in the bank 93% of it was not mobilized. From the countries tradition money may be kept in traditional way. This shows that the deposit mobilization practice among banks in the country is not developed and there should be mechanisms to mobilize such deposit rather than sitting and waiting for depositors to come and deposit their money. The need for studying such mechanisms forces this study to be undertaken. The banks are not successful in controlling and managing deposit because they did not understand well about those factors that can affect the deposit.

Aron et al., (2013) study showed that income level is a significant factor for the saving behavior of individual. The study revealed that when the income level of households increase the saving rate also increase by some percent. Similarly, Modngliani (1995) noted that for poor and developing countries the saving ratio tends to raise with income, while in developed countries there is no significant, systematic relationship between income and saving.

Prior studies have indicated that interest rate has positive effect on deposit (Andinet, 2016); (Shemsu, 2014); the result is positive and insignificant (Girang, 2015); the result is negative and insignificant and lastly (Wubetu, 2012); result shows positive and insignificant. The study also take the recommendation for further study made by (Andinet, 2016), (Shemsu, 2014) & (Dereje, 2017) to determine the factors affecting the commercial bank deposit by introducing additional variable at Micro level Bank Credit Risk and at Macro level Government Expenditure.

These contradictory findings revealed that there is inconsistency among researchers on determinants affecting saving customer's growth. Therefore, understanding of the factors that determine saving customer's growth is the most important for Commercial Bank Ethiopia to exert their effort to explore the deposit market accordingly.

Despite the above mentioned determinants the availability and accessibility banks and its service have been burgeoning in the past two decades, its service quality and customer satisfaction has not been demarcated as a major determinant on saving customers growth. In more recent era, countries are joining the global trade stadium in a willy-nilly context. Ethiopia is joining the international trade arena in more recent reforms. Such internationalization requires improvement in specified determinants (service quality, accessibility of the bank, customer satisfaction and customer loyalty) which primarily determine growth of saving customer. Better banking service quality attracts more customers into the industry, stimulate investment, create job opportunity and safeguarded the financial sectors which in return leads to saving customers growth. Though, this research is designed in identifying and analyzing factors which determines saving customer's growth by providing some proof to validate these contradicting findings and fill the research gaps on factors affecting saving customer's growth in Commercial Bank Ethiopia.

1.4 Objectives of the Study

1.4.1 General Objective

The main objective of the study is to identify the factors that determine growth of saving customers and to evaluate the relationship between determining factors and growth of saving customers in case of Commercial Bank of Ethiopia in Addis Ababa.

1.4.2 Specific Objectives

The specific objectives of the study are:

- To identify and estimate a model that explains the factors, which determine saving customers growth of Commercial Bank of Ethiopia.
- To evaluate the relationship between the Commercial Bank Ethiopia saving customers growth against the most significant factors.
- To determine the effect of factors that affects saving customer's growth of Commercial Bank of Ethiopia.

1.5 Research Question

- How Does Service quality affects customers saving growth?
- How Does Accessibility of the bank affects customers saving growth?
- How Does Customer satisfaction affect customers saving growth?

- How Does Customer loyalty affect customers saving growth?

1.6 Significances of the Study

The main purpose of this study is identifying determinants factors of growth of saving customers in Commercial Bank Ethiopia the case of Addis Ababa city and provides helpful information's to different stakeholders.

It has great contribution to the existing knowledge in the area of factors determiningsaving customer's growth in Commercial Bank of Ethiopia the case of Addis Ababa city. This in turn contributes to the well-being of the financial sector of the economy and the society as a whole. Therefore, the major beneficiaries from this study are:

- ✓ Is helpful to manage their saving customer's growth by identifying factors determining it and further identify which variable is the most important so that more emphasis has to be given.
- ✓ Is also helpful to the regulatory body to take as an additional input for future policymaking.
- ✓ It provides information and recommendationsfor all stakeholders especially for boards and management of theCommercial Bank Ethiopia in order to minimize the impact of factors determining saving customer's growth by making them to design effective strategiesto improve growth of customer saving.
- ✓ It serves as source of reference for further studies in the area of saving customers growth.

1.7 Definition of Key Terms

This study contains certain key concepts and constructs. Although this constructs are discussed in detail in Chapter two, they are briefly introduced in this early Chapter of the thesis to allow the reader to make sense of what is presented in the subsequent Chapters.

| Word | Explanation |
|-----------------------|--|
| Analyze | Separate and examine the stated subject into the parts or elements of which it is composed. Tell what assumptions are necessary in order to accept an idea as valid. |
| Bank Accessibility | Capable of being reached a remote region accessible, including branch expansion and technological advancement also. |
| Customer Satisfaction | Fulfillment of one's wishes, expectations, or needs, or the pleasure derived |

| | |
|---------------------|--|
| | from service delivered. |
| Factors/Determinant | A factor which decisively affects the nature or outcome of something. One of the elements contributing to a particular result or situation |
| Discuss/Review | Write about a specific topic with a certain amount of detail. Bring out main points and organize your answer. |
| Explain | Restate the subject in simpler terms; analyze causes. |
| Identify | List several facts or events which support your main thesis; include a brief description of how these support the thesis. |
| Service Quality | Service expectations as it relates to a company's performance. |

1.8 Scope and Limitation of the Study

The work of this research is delimited to some major factors that affect growth of saving customer of Commercial Bank Ethiopia. The research is not cover all commercial banks and all factors which affects the growth of saving customer of the commercial banks rather the banks has be selected purposively based on seniority and some factors are selected in the study. The scope of the study examining the determinants of factors that influences growth of saving customers' in Commercial Bank Ethiopia focuses on three dimensions. These are Conceptual, Geographical and methodological scope.

Geographically, respondent are only those customers of Commercial Bank Ethiopia who are in Addis Ababa and employees who are working in different types of department .Hence other customers who are out of Addis Ababa are not considered. This may affect the effectiveness of the findings.

From conceptual scope in terms of the constructs showing in the research framework there are four factors (Service quality, accessibility of the bank, customer satisfaction, customer loyalty). Other dimensions of factors determining saving customer's growth measurement are beyond this study.

Methodological scope, the study used both primary and secondary data but mostly focuses on primary data. The secondary data review used as a supplementary to strengthen the finding from primary data. The sampling method used in the research is convenience sampling. Using this sampling method may lead to under or over representation of a particular group

within the sample. Since the sampling frame is not known the inherent bias in convenience sampling means that sample is unlikely to be representative of the population being studied.

1.9 Organization of the Paper

This research paper is organized in to five main chapters. The first chapter deals with introductory issues of the paper was classified into introduction, background of the study, statement of the problem, objectives, significance, scope and limitation of the study. The second chapter encompasses literature reviews organized in two major groups. First conceptual literatures collected and organized on ideas, theories and concepts from books, journals and other electronic sources. Second empirical literatures organized from papers released empirical evidences done on similar fields and business categories. The third chapter focuses on research methods and design on how the data sources weredetermined, selected, analyzed and presented using different techniques. Chapter four was prepared dealing with analysis of data collected using descriptive statistical techniques. The fifth chapter werecomposed of three major parts namely summaries of findings, conclusion and recommendations drawn from the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Theoretical Literature Review

2.1 Introduction

This chapter examines what various scholars and authors have documented about the relevant conceptual issues of topic of the study. By focusing on previous research in this area and present reviewed literature relevant to this study, theories that states about the growth of saving customers' in commercial bank and the variables that are claimed to affect it was discussed.

2.1.1 Historical background of the banking industry in Ethiopia

Banks have historically been viewed as playing role in financial markets for two reasons. The first one is that they perform a critical role in facilitating payments. Commercial banks, as well as other intermediaries, provide services in screening and monitoring borrowers; and the other one is by developing expertise as well as diversifying across many borrowers, banks reduce the cost of supplying credit (Katherine, 2004). Thus in their role as lenders, banks are often not merely buying someone's debt, rather they are providing significant financial services associated with extending credit to their customers directly. The main providers of additional financing are domestic commercial banks (Herald et al, 2009). Mckinnon (1973) argues that investment in a typical developing country is lumpy and self-financed and hence cannot be materialized unless adequate savings are accumulated in the form of bank savings.

The Commercial Bank Ethiopia (CBE) was legally established as a Share Company in 1963 G.C to take over the commercial banking activities of the State Bank of Ethiopia, which was founded in 1942 G.C with twin objectives of performing the duties of both commercial and central banking.

During the 1974 G.C revolution, Commercial Bank Ethiopia got its strength by merging with the privately owned Addis Ababa Bank. Since then, it has been playing a significant role in the development endeavor of the country. The Commercial Bank Ethiopia, which is striving to become a world-class bank, is rendering stateoftheart and reliable services to its millions of

customers, both at home and abroad. The business strategies of the Bank focus on the interest of the public it serves.

The state-owned Commercial Bank Ethiopia still dominates the market in terms of assets, saving, capital, and customer base and branch network, despite the growing competition from private banks over the last 20 years. This makes it one of the most reliable and strong commercial banks in the country and the region.

2.1.2 Commercial Bankssaving

Commercial Bank savings are major liabilities for commercial banks. (Kelvin, 2001), said that savings of commercial banks account for about 75% of commercial bank liabilities. Due to the fact that commercial banks are using this liability to lend it and gain return on it their savings are using them do their business. Therefore, banks will be better if they are mobilizing more deposits. However, as (N. Desinga, 1975) indicates deposit mobilization is a very difficult task. The cost of intermediation for mobilizing deposits is also very important part of overall intermediation cost of the banking system (Tenaye, 2019).

Saving provide limits to the working capital of the bank concerned. The higher the savings, the higher will be the funds at the disposal of a bank to lend and earn profits (N. Desinga, 1975). Therefore to maximize its profit the bank should increase its savings. (Mahendra, 2005) had also mentioned deposits as a foundations up on which banks thrive and grow and unique items on a bank's balance sheet that distinguish them from other type of business organizations.

Commercial banking is a service industry with a high degree of built in profit potential. The number one expense item for a bank is interest paid. Commercial banks mainly depend on the funds deposited with them by the public to lend it out to others in order to earn interest income (N. Desinga, 1975). (Hamid, 2011), said that if banks lose their deposit base they rely on non-deposit based funding which is expensive (Shemsu, 2015).

Deposits are of three kinds (N. Desinga, 1975), namely:

1. Current or demand deposits
2. Fixed or Time deposits / Term deposits.
3. Savings deposits

Hence, the competition for deposits is really a competition for profits. Commercial banks compete for deposits in order to become profitable and thus to be able to supply more funds to the public. However such financial growth is profitable only if the commercial bank does not incur additional expenses to obtain and retain cash (Devinaga, 2010).

Commercial banks earn a return on their saving and capital by investing deposit funds and capital funds in assets (Richard, 1971). That is for commercial banks to attain profit savings are one of the most important sources of capital. Moreover, according to (Richard, 1971), capital structure in commercial banks are made up of shareholders' funds, borrowing and saving. Therefore, savings are one of the sources of capital for commercial banks.

2.1.3 The importance of savings for banks

Savings are the foundation upon which Banks thrive and grow. They are a unique item on banks' balance sheet that distinguishes it from other types of business firms.

i. Deposits as a source of fund for loan

Herald &Heiko(2008) states deposits are the main sources of fund that bank to provide loan. This deposit is mainly provided by the general public as (Salehi, 2010). However, business organizations, NGOs, government, cooperatives and so on can also provide deposits. Therefore, whether deposits are provided by individuals, businesses or government they are important financial resources of banks.

ii. Mobilizing deposit is cheaper than raising equity

Banks as any other business organizations can collect funds from debt and/or equity. In the banks context, raising equity is more expensive or costly than attracting deposits.(Lorenzo et al, 2010) stated that if the lending channel plays a role, the savingcustomers growth should lead to increase in the supply of loans due to the additional source of financing for banks. As demand for loan increases by individuals, businesses and governments, banks should expand their deposit base to fulfill the demand of borrowing. Most of the time the interest rate applied to deposits is by far cheaper than the dividend payment to the shareholders.

iii. Banks make profit using their deposits

Deposits provide most of the raw materials for bank loans and thus represent the ultimate source of the bank's profits and growth (Mahendra, 2005). Banks make profit by using their

deposits, therefore it is said that depositors can discipline banks. (Maria and Sergio, 2001) found that depositors discipline banks by withdrawing deposits and by requiring higher interest rates. For depository corporations“ mail y deposit money banks, their principal objective is undertaking financial intermediation to make profit and increase their shareholders value (Sheku, 2005). They achieve their objectives mainly by attracting deposits and investing the money on profitable investment portfolio.

iv. Fund investment and/or development projects

Debt is largely held by domestic commercial banks which are funded mainly from deposits, the government demand for bank assets enabled banks to continue to expand their deposit base rapidly and profitably (Herald and Heiko, 2009). Individual investors and government are mainly depending on the deposits of banks to fund their investments and/or development projects.

The ability of a bank’s management and staff to attract checking and savings accounts from business and individuals is an important measure of the bank’s acceptance by the public (Mahendra, 2005). Banks’ management major concern is the variability of savings for several reasons. (Kaufman, 1972), mentioned the reasons why the variability of banks’ deposit is important as follows:-

- ✓ Deposit variability is frequently included as an important determinant of portfolio strategy. The more volatile a bank’s deposits are the more liquid its mix of assets will be.
- ✓ To the extent saving variability affects bank holdings of cash and excess reserves, variability affects the distribution of total member bank reserves within the banking system and thereby the path and speed of monetary policy actions.
- ✓ To the extent saving variability affects the mix of banks assets; it affects the availability of funds for loans and consequently the loan rate.
- ✓ To the extent saving variability affects both the mix of earnings assets and the frequency of engaging in costly reserve adjustments, variability affects the profitability of individual banks.
- ✓ Saving variability is an important factor influencing bank use of the Federal Reserve discount window and thereby affects discount administration.

2.2 Empirical Literature Review

The empirical literature part discusses past studies that were conducted on the determinants of commercial banks saving customers growth studied by various Ethiopian and other

countries authors describe factors of saving customers growth. In this part the variables that are included, the methodology that was used to undertake the study and the results of the study under review are discussed. These help to see where the literature on this area is and how this study adds additional knowledge to the existing literature. Accordingly, the articles were discussed below one by one.

2.2.1 Factors Affecting customers saving of Commercial Banks

An important indicator of the success and efficiency of any resource mobilization agency, which is also a banking institution is, the extent to which it is able to mobilize the resource of the community in the form of customer saving. So the higher number of saving accounts the greater is the advantage to banks. The number of customer saving accounts depends on the number of saving account holders. Therefore to mobilize resource through customer deposit, the higher number of customer saving accounts have greater advantage to banks. Internal determinants of the bank saving customers growth can be defined factors that are influenced by bank's management decisions. More precisely, the internal factors are the bank specific variables which influence the saving customer's growth of specific bank, (AlTamimi, 2010; Alburime, 2005). Even if there is variation in the number of determinant factors point out by the number of studies, the variables can be summarized and described as below:

i. Service Quality

The concept of service has been defined since the 1980s by Churchill and Surprenant (1982) together with Parasuraman et al. (1985), who popularized the customer satisfaction theory through measuring the firm's actual service delivery in conformity with the expectations of customers, as defined by the attainment of perceived quality, and that is meeting the customers' wants and needs beyond their aspirations. With this premise, Parasuraman et al. (1988) later expanded the concept of service into the five dimensions of service quality that comprised tangibles, reliability, responsiveness, assurance, and empathy. Further evaluation of the concept has developed other dimensions of service quality as described by Lehtinen and Lehtinen (1982) and Gronroos (1984), where the former stressed that service quality might be divided into three main dimensions, namely, the physical quality, corporate quality, and interactive quality. Furthermore, Gronroos (1982) explained that the concept of service quality could be evaluated by corporate image, functional quality of service encounter, and the technical quality of the outcome.

There are many definitions for the term Quality defined by different authors. Quality can be defined broadly as superiority or excellence (Zeithaml, 1988). In literature, the issue on how the service quality should be measured has been discussed by Teas, 1993, Brady and Cronin, 2001. The previous research suggests that quality is not perceived as a one-dimensional concept by customer. But also there is no agreement about how to access the service quality (Cornin and Taylor, 1992).

ii. Accessibility of the bank

Accessibility of banking has to do with the ease with which customers have access to financial tools, their accounts, ease of making payments from their accounts and access to money available in the accounts using various digital channels namely, online banking facilities, ATMs, POS terminals, mobile banking to mention but a few. Accessibility defines how these channels make a meaningful experience to the customers in terms of access to their funds, access to banking facilities and services and feedback. It determines whether customers find the products to be serving their needs when they want it, in a way that makes their banking convenient (Villers, 2012). Access to information and the ease with which consumers can share views with those they know - or even 'the world'- is dramatic. Good experiences can be easily shared online as can negative ones.

iii. Customer Satisfaction

The term customer satisfaction and its importance were defined by Zeithami et al. (1996) as, to achieve continuous success of companies in the long run, the need to emphasize customer satisfaction is a key consideration. In other words, satisfaction can only be met when the performance generated by companies exceeds customer expectations. In this context, various authors and researchers have accentuated the importance of customer satisfaction as well as dissatisfaction as related to the company's achievement of success and the incurrence of failures in the aspect of meeting the expectations of both the customers and the company (Chidambaram & Ramachandran, 2012; Kheng et al., 2010). Lau and Cheung (2013) specifically explained that meeting the expectations of the customers will not only provide customer satisfaction but also develop customer loyalty that will then lessen the cases of customer loss rates or improve the retention rate. Customer satisfaction is an important factor to consider in establishing growth of saving customer and the relationship that will be developed between the bank and the customers (Amin & Isa, 2008).

For marketers or service providers, achieving customer satisfaction is important because it is supposed to be an important motive of customer loyalty, repeated business (with customer) and positive word of mouth (Bearden and Teel, 1983). In marketing theory, the customer satisfaction has the main position. It is based on the premise that the profit is made through the process of satisfaction of customers' demands (Dubrovski, 2001).

iv. Customer Loyalty

There are various definitions of customer loyalty, and one of those refers to the behavior developed by the customer, which is called repurchase behavior, thereby accounting for all the experiences that customers have encountered throughout the usage of the products and services from providers. The use of loyalty strategy has proved to increase customer retention level while reducing marketing costs (Stan et al., 2013). Accordingly, in the study of Pasha and Waleed (2016), findings revealed that perceived value, service quality, and brand have a significant impact on customer quality in the Pakistan banking sector. Many other studies have been developed to determine the antecedents of customer loyalty considering that customer loyalty may vary based on many predictors. Yee et al. (2011) revealed that service quality, customer satisfaction, and employee loyalty have a positive influence on customer loyalty, especially in the high-contract service industry. Moreover, Otaibi and Yasmeen (2014) attempted to study perceived service quality and customer satisfaction, which affect Saudi customer loyalty, and reviewed relevant previous studies that investigated the relationships among the variables.

2.2.2 Review of Empirical Studies

Athukorala examined the determinants of aggregate saving in India. The study found that saving rate rises with the level and rate of growth of disposal income (Athukorala et al., 2001). Moreover, real interest rate, inflation and banking facilities have positive impact on bank deposits of India. In addition, with special emphasis on rural branches, (Khalily et al., 1987) examined the pattern and trend of rural deposit of Bangladesh. To estimate this, the study used simultaneous equations model. They found that, permanent income and inflation indirectly influence deposit through their effect on bank branches whereas availability of roads and vehicles directly influence deposit through their effect on transaction cost.

Keynes (1936) carried out an empirical study regarding bank deposits. In his framework; he examined how the rate of interest and inflation determine bank deposits. In his studies,

Keynes argued that in the absence of a rate of interest an individual will hold his savings in the most liquid form. Since there is a cost associated with converting financial assets to cash, an individual will not want to part with his liquidity without the payment of interest, most especially during inflationary periods when the value of money declines over time. Hence, the rate of interest is the premium offered to an individual to part with his liquidity. He asserted that it is that rate of interest that customers consider before saving part of their surplus with commercial banks. Keynes concluded his study by emphasizing that the rate of interest is not the price which brings into equilibrium the demand for resources to invest with the readiness to abstain from present consumption. It is the price which equilibrates the desire to hold money or wealth in the form of cash with the available quantity of cash

Smith, R. (1998) there are other several factors which influence the growth of bank deposits. Some of them are: Higher industrial and agricultural production, increasing savings rate in the economy, Development program of the government to boost rural economy and small scale industries and Factors having adverse effect on deposit mobilization are: Setback in the agricultural sector during poor monsoon years, Rising cost of hiring, Government reducing its budget and restricting money supply, Growing competition from other channels of investment which offer higher interest rates, Government's control on branch expansion of banks and Non-recovery of loans.

Lomuto(2008), on commercial banks in Kenya with the aim of identifying and examine the key determinants of Kenyan Commercial Banks Deposit growth. Its main objective was to analyses the factors that influence Commercial banks deposit growth in Kenya. Time series data covering 1968 - 2006 was analyzed. estimated model was a single regression equation with deposit as the dependent variable and explanatory variables as deposit rate, nominal exchange rate, investment income ratio, number of cheques cleared (used as proxy for innovations in the financial sector), real GDP, ratio of monetary GDP to total GDP and Structural Adjustment Programs (SAPs). Estimation was done using Ordinary Least Squares (OLS) technique and Econometric Views (E-views) statistical package. The time series characteristics of the data were assessed using unit root tests to examine the stationary of each variable. And then the test for co integration was performed to determine the long run relationship of the non-stationary variables. Analyzed results showed that lagged Commercial bank savings and all the other variables including Structural Adjustment Programs (SAPs) significantly affect Commercial bank saving customers growth in Kenya. Based on these

results, several policy implications were drawn that aim at encouraging saving growth by Commercial banks for the benefit of the domestic deposit mobilization. First, growth enhancing policies promotes saving growth. Second, the stability of macroeconomic system should be maintained. Lastly, financial sector innovations encourage saving growth in Commercial banks in Kenya as people reduce their demand for carrying cash.

Tafirei, Rabson and Linda (2014) studied the relationship between banks deposit interest rates and deposit mobilization in Zimbabwe for the period 2000-2006. They developed an Ordinary Least Squares (OLS) model to show the relationship between the response and explanatory variables and they used Pearson's correlation coefficient to demonstrate the strength of the relationship. The data was first tested for; stationary using the Augmented Dicker-Fuller Test, multi-collinearity using correlation matrix and autocorrelation using the Durbin-Watson statistic. The study found a positive relationship between saving rates and bank saving for the period under study and all the other explanatory variables were statistically significant. Also, the coefficient of determination was found to be significantly high showing that the explanatory variables were able to account for the total variation of the dependent variable – saving.

Orji (2012) investigated the determinants of bank savings in Nigeria as well as examined the impact of bank savings and bank credits on Nigeria's economic growth from 1970 - 2006. He adopted two impact models; Distributed Lag-Error Correction Model and Distributed Model. The empirical results showed a positive influence of values of GDP per capita, Financial Deepening, Interest Rate Spread and negative influence of Real Interest Rate and Inflation Rate on the size of private domestic savings. Also a positive relationship exists between the lagged values of total private savings, private sector credit, public sector credit, interest rate spread, exchange rates and economic growth.

Bahredin(2016) the determinants of commercial banks deposit growth in Ethiopia. The study used annual data spanning from 2000 to 2014. Random effects technique had been applied to find out the most significant variables. The estimated results suggest bank branches and per-capita-income growth influence is positively and statistically significant on bank saving growth; whereas, lagged bank deposit and loan to deposit ratio influence is negatively and statistically significant on bank deposit growth. Money supply growth had insignificant negative influence on bank deposit growth; whereas deposit interest rate had insignificant

positive influence on bank deposit growth. The study implies that stimulation of economic growth; banks presence and financial intermediation are most important factors that affect bank deposit growth.

Kidane (1989) focused mainly on income and external capital flows as the independent variables in his study of aggregate savings behavior in Ethiopia. Heregressed savings on GDP in the same study and concluded that contrary to theoretical belief, GDP had a negative sign. Taking the period of review into consideration, there was the implication that there were no savings from GDP and the national income level was not enough to meet the current consumption. Kidane also observed that one of the determinants of savings in the economy could be structural change. Such change could be a change in monetary policy, investment policy or interest rates. Such changes would constitute minor changes whilst major changes would comprise changes in government or the economic system. Ethiopia experienced the changes in 1974. Breaking the period into two parts 1960 to 1973 and 1974 to 1985 respectively, Kidane tested for structural breaks using consumption instead of savings to test for the structural break. His conclusion was that a stable government with consistent policies is essential for improving the savings rate.

Shemsu (2015) focused on determinants of commercial bank deposits: A case of study of Commercial Bank Ethiopia. The study aimed to identify and evaluate those factors affecting bank deposit in general by taking Commercial Bank of Ethiopia as evidence. Accordingly, the researcher adopts mixed research approach. Time series data covering 1998 - 2014 was analyzed and questionnaire is used to gather information from the employees of Commercial Bank Ethiopia with deposit as the dependent variable and explanatory variables. The results of analysis showed that from explanatory variables number of branch expansion were positively correlated with the explained variable indicating that, branch opening is an important strategy for deposit mobilization, it is highly significant than others.

2.3 Summary and knowledge gap

Based on the above theoretical as well as empirical review, deposit mobilization is the major activities for all banks especially for commercial banks since their function is mobilizing deposit to meet the required liquidity for credit customers of banks. But this too depends on the availability of credit facilities which in turn depends on the level of bank saving. It also revealed that banks saving can be affected by different factors such as bank specific and

macroeconomic factors. While this study was focused on the bank specific and factors affecting bank saving growth.

Saving is one of the important functions of banking business. It is an important source of working fund for the bank. Saving customer's growth is an indispensable factor to increase the sources of the banks to serve effectively and efficiently. The success of the banking greatly lies on the deposit mobilization. Performances of the bank depend on saving, as the savings are normally considered as a cost effective source of working fund.

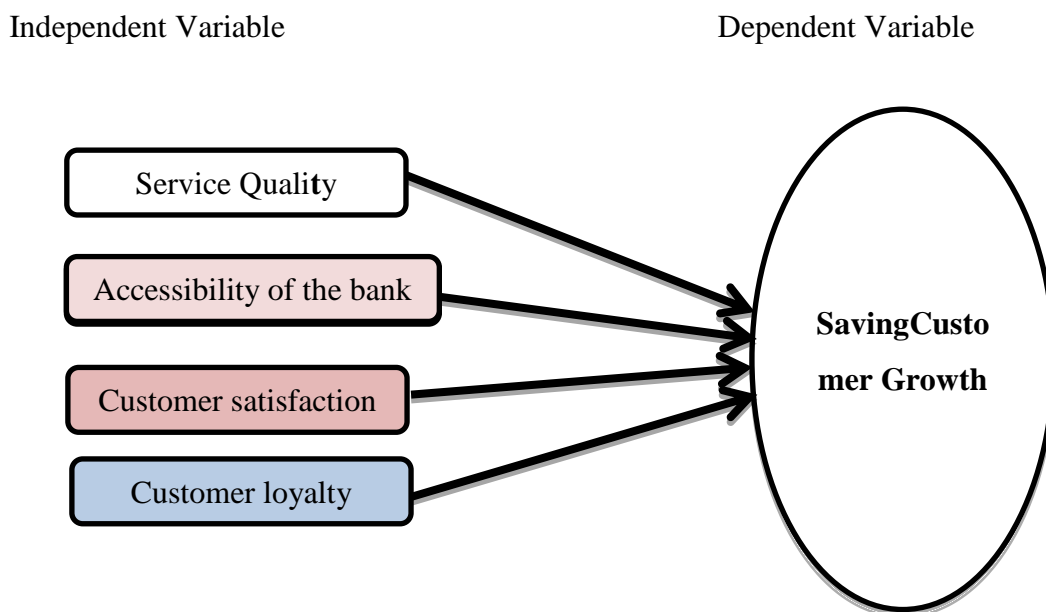
Since Commercial bank of Ethiopia is in the growth stage with opening of new branches aggressively the determinant factors were not analyzed well (like: Service quality, accessibility of the bank, customer satisfaction, customer loyalty). It is an essential to identify the important determinants of saving customers and its growth by making empirical investigation. However it is not satisfactory, there is an attempted made by (Wubitu, 2012) focusing on only branch expansion and deposit interest rate determinants by taking 10 years data to see the impact on bank savings.

Further the contradictory findings revealed that there is inconsistency among researchers on determinants affecting saving growth. This research is designed in identifying and analyzing factors which determines saving customer's growth by providing some proof through understanding of the factors that determine saving customer's growth which is the most important for Commercial Bank Ethiopia. And finally, this research designed to understand which factors really determine saving customers growth by using validate these contradict findings and fill the research gap on determinants of saving customers growth in commercial banks of Ethiopia. As we can simply observe from annual reports of National Bank of Ethiopia for the last three decades the deposit mobilization of Ethiopia does not show the required sustainable development. To fill this gap the focus is on the customers saving customers growth in Commercial Bank Ethiopia, and its determinants motivated the researcher to undertake a research in this particular area. Therefore through assessing the quantitative data for these determinants Commercial Bank Ethiopia should identify the most factors of growth of saving customer and take the important measurement to increase customers saving or deposit.

2.4 Conceptual Framework of the Study

Previous studies clearly indicated that various factors that determine the saving customers growth of financial institution specifically the banks. Considering this, several models and structures of these factors have been studied. The study has quantified how these variables are determining the saving customer's growth of Commercial Bank Ethiopia. So Based on overall review of related literature the following conceptual framework in which this specific study governed is formulated as follow.

Figure 2.1:Conceptual framework



Source: Shemsu, (2015), Modified and redeveloped by the researcher

2.5 Research Hypothesis

H1: Service quality has positive and significant effect on the growth of saving customers.

H2: Accessibility of the bank has positive and significant effect on the growth of saving customers.

H3: Customer satisfaction has positive and significant effect on the growth of saving customers.

H4: Customer loyalty has positive and significant effect on the growth of saving customers.

CHAPTER THREE

RESEARCH METHODOLOGY

3. Introduction

Designing appropriate research methodology is a prerequisite in order to conduct a good research. Accordingly, this part of the study discuss about the methodology by which the researcher used to conduct the study. Thus, this chapter presents a detail discussion of research approach, research design, target population, sample size and sampling technique, data type and source, data collection instruments, Variable measurement and model specification, data analysis methods, reliability and validity test and ethical consideration are presented as under.

3.1 Research Approach

To accomplish the objectives of the study quantitative research approach was used. Quantitative research involving the use of structured questions in which response options were predetermined and a large number of respondents involved. Quantitative data was obtained through the questionnaires. In order to see the determinants of saving customers growth in Commercial Bank Ethiopia, The rationale of using such approach in this study is, it allows the researcher to reach a higher sample size, helps to collect information quickly and enhancing the generalization and accuracy of the results.

3.2 Research Design

Both Descriptive and Explanatory research design was used. Descriptive research is a useful design to obtain the data describing the characteristics of something; thus the questions starting with who, when, how, which, why, and what can be answered by this research design. In this situation, the researcher should know the phenomena very well before collecting the data (Hair et al., 2007; Saunders et al., 2009; Vaus, 2001); He further argue that good description provokes the 'why' questions of explanatory research. Explanatory research design is useful in order to find out the relationship between dependent and independent variables. Explanatory research is the most appropriate design to test whether one variable causes or determines the value of another (Hair et al., 2007, p. 160; Saunders et al., 2009).

3.3 Target Population

According to (Hair et al., 2007, p. 182), target population is said to be specified group of people or object for which questions can be asked or observed made to develop required data structure and information. Determining an efficient sample size is of great significance in any research. This is because too small samples may lead to inaccurate results, while samples that are too large may waste time and resources.

From the banking sector which is owned by private and public, Commercial bank of Ethiopia is selected because it plays a great role in the Ethiopian financial sector, in the banking industry and it can represent all private commercial banks because it covers 63% of the total market share in the banking industry (CBE annual report, 2018/19). So, Commercial Bank of Ethiopia is selected by using convenient sampling method, this method help the researcher to get information on a convenient way. Participants are selected because they have particular characteristics that are of interest to the researcher. The researcher select its population from customers of Commercial Bank Ethiopia by using some parameters i.e. customers who are using saving products, they are considered as target population for the study. Therefore for this research the target populations are the selected branches under specified district customers of Commercial Bank Ethiopia.

The target population for this study was customer of the Commercial Bank Ethiopia in four districts. Within one district the researcher selected eight branches based on their grade.

Table 3.1: Daily average of customer service in sample branches.

| District | Branch | Grade | Daily Average customer served |
|--------------|---------------|---------|-------------------------------|
| South | Finfine | Special | 1,453 |
| | Mexico | 4 | 978 |
| North | Aradagiogies | Special | 1,345 |
| | Mahtemagandi | 2 | 716 |
| East | Ureal | 4 | 993 |
| | TeferaDegiefe | 3 | 862 |
| West | Addis Ketema | Special | 1,645 |
| | SomaleTera | 3 | 864 |
| Total | 8 | | 8,856 |

Source: - 2018 District Classification of CBE; Branch data from T24 as of December, 2020

3.4 Sample size and sampling technique

Until December 30, 2020, the total numbers of customers in the selected study area of the bank are 8,856 (MIS of CBE). So; the study used simple random sampling technique. This helps to give each and every customer in the target population an equal chance of inclusion in the sample. From the study area total population size of 8,856, the sample respondents of 384 are taken to collect information.

To get a representative sample size from the total population of the study, the researcher uses calculation of sample size formula for a finite number of populations. Determining sample size is a very important issue because samples that are too large may waste time, resource and money. While samples that are too small may lead to inaccurate results. A 95% confidence level is assumed for this formula to determine the sample size, at $e=0.05$. The researcher uses sample size formula for finite population. If the target population is finite; the following formula (Krejcie & Morgan, 1970) was used to determine the sample size.

$$S = \frac{x^2 NP(1 - P)}{d^2 (N - 1) + x^2 P(1 - P)}$$

Where:

S = Required Sample size

X = Z value (e.g. 1.96 for 95% confidence level)

N = Population Size

P = Population proportion (expressed as decimal) (assumed to be 0.5 (50%))

d = Degree of accuracy (5%), expressed as a proportion (.05); It is margin of error

$$S = \frac{x^2 NP(1 - P)}{d^2 (N - 1) + x^2 P(1 - P)} = \frac{1.96^2 * 8856 * .5(1 - .5)}{.05^2 (8856 - 1) + 1.96^2 * .5(1 - .5)} = 384.20 \sim 384$$

Table 3.2: Sample and ample percentage

| District | Branch | Grade | Average customer served/day | Percentage | Sample |
|--------------|---------------|---------|-----------------------------|-------------|------------|
| South | Finfine | Special | 1,453 | 16.41 | 63.00 |
| | Mexico | 4 | 978 | 11.04 | 42.41 |
| North | Aradagiogies | Special | 1,345 | 15.19 | 58.32 |
| | Mahtemagandi | 2 | 716 | 8.08 | 31.05 |
| East | Ureal | 4 | 993 | 11.21 | 43.06 |
| | TeferaDegiefe | 3 | 862 | 9.73 | 37.38 |
| West | Addis Ketema | Special | 1,645 | 18.57 | 71.33 |
| | SomaleTera | 3 | 864 | 9.76 | 37.46 |
| Total | 8.00 | | 8,856 | 100% | 384 |

Source: - 2018 District Classification of CBE; Branch data from T24 December, 2020

The sample units for this study are customers of Commercial Bank of Ethiopia because they know their own saving capacity and performance regarding with the performance of the bank in service quality, customer satisfaction, bank accessibility and their degree of loyalty to the bank, so the researchers believe that they have a better awareness about the above mentioned activities rather than others. For the research from the total city branches located in Addis Ababa under the four districts i.e. 384 branches only 8 branches were taken as a sample based on their grade and location. The sample is drawn from the total population of 8856 average daily service of the listed branches the study was selected 384 all the selected was taken as a sample by using non probability sampling method known as purposive sampling method to survey the factors affecting growth of saving customers in Commercial Bank of Ethiopia. The samples are accessible to the researcher, expecting that the researcher would get the necessary data.

3.5 Data Type and Source

The study was used quantitative data sources. The quantitative data includes objective items through the questionnaires. Primary source of data collected through questionnaires with the customers of Commercial Bank Ethiopia.

Primary data: -was collected through questionnaire. Questionnaire was distributed to the saving customers of the bank and employee.

Secondary data: -Secondary data is historical data structures of variables previously collected and assembled for some research problem or opportunity situation other than the current situation. Data from any authorized sources including books, articles, journals, magazines and others analyzed to back the primary data with other related previous knowledge on the issue, and the researcher used the data to collect valuable information from the former similar studies.

3.6 Data Collection Instrument

For the purpose primary of data collection, the researcher was used questionnaire. Questionnaire was prepared on the basis of determinants of saving customers growth performance. Thus, the questionnaire helps to avoid pressure up on the respondents in any direction and able to obtain the required data in the study area.

There was 384 self-administered Questionnaire to be distributed to the selected sample of the customers in Addis Ababa. For the purpose of data collection, the researcher used Closed-ended questionnaires. Thus, closed ended questionnaires helps to avoid pressure up on the respondents in any direction and better be able to obtain the required data in the study area.

3.7 Variable measurement and model specification

Both the dependent variable and explanatory variables were measured based on 5-point Likert scale items. Therefore, the regression model for this study is specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots \dots \dots (1)$$

The left-hand side variable, Y, represents the dependent variable in the model, which is the growth of saving customer. X_i Contains the set of explanatory variables in the estimation model, β_0 is the constant, β_i the coefficients and ε_i is the error term. Therefore, the model for the empirical investigation, built in line with the hypotheses of the study, is given as follows:

$$EP = \beta_0 + \beta_1 SQ + \beta_2 BA + \beta_3 CS + \beta_4 CL + \varepsilon \dots \dots \dots (2)$$

Where;

SG = growth of saving customer

SQ =Service quality

BA =Bank Accessibility

CS = Customer Satisfaction

CL = Customer Loyalty

ε = is the error term.

3.8 Data Processing and Analysis Method

After the data collected, inferential statistical technique was employed to analyze the information, as this study is quantitative in nature. The regression analyses conducted to determine by how much the independent variable explains the dependent variable i.e. saving customers growth. Multiple regression analysis was conducted to test the proposed hypothesis whether there is a positive significant interdependence between independent and dependent variable. Thus, both the strength of the relationship between the variables and statistical significance was assessed.

Regarding the data analysis the researcher was analyzed the information from the data sources by using descriptive analysis techniques to describe the result. So as to show the trend of total saving customers growth of Commercial Bank Ethiopia and the value of each saving customers growth determinants, using Microsoft excel and SPSS as a result the graph of total saving customers growth and its determinants was displayed and interpreted. In conducting this, the data was analyzed using descriptive statistical methods and inferential statistical methods such as correlation and regression using Statistical Package for the Social Science SPSS version 23. Finally the proposed hypotheses were tested statistically by multiple regression analysis to arrive at the conclusion and policy implication.

3.9 Diagnosis tests

The study was tested the Classical Linear Regression Models (CLRM) assumptions, after running regression model. Before analyzing the data gathered, the researcher has checked the necessary assumptions that have to fulfill in order to undertake analysis by multiple regression models (i.e. normality test, linearity and homoscedasticity test, multicollinearity test and independent of Residuals test).

3.10 Reliability and Validity Test

i. Reliability Test

Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one-dimensional or multidimensional. According to George & Mallery (2003), the value of alpha should be greater than 0.7 so as to accept the instrument. And the closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 2003).

Table 3.3: Reliability analysis for each variable

| Item-Total Statistics | | |
|-----------------------|------------|----------------------------------|
| Variables | N of items | Cronbach's Alpha if Item Deleted |
| SQ | 4 | .703 |
| BA | 4 | .825 |
| CS | 5 | .733 |
| CL | 5 | .760 |
| Saving Growth | 4 | .791 |

Source: analysis of survey data 2021, using SPSS 23

As indicated in the above table 3.3, the Cronbach Alpha for each variable is greater than 0.7, which is high and showing a strong internal consistency among the measurement items. The researcher assessed the internal validity by calculating the correlation coefficients between each statement in questionnaire. The correlation coefficient for each statement, The p-values (Sig.) are less than 0.05, so the correlation coefficients of this field are significant at $\alpha = 0.05$, so it can be said that the questions of this statements are consistent and valid to be measure what it was set for.

ii. Validity

To secure the content validity of the instrument, the researcher was referred previous researcher's questionnaires that fit the purpose and different staff of Commercial Bank Ethiopia in the work place reviewed the instrument before distributed to the respondents and they were critically examined and forwarded some modifications on the instrument; therefore, their expertise feedback has been incorporated.

3.11 Ethical Consideration

By taking all precautions while securing the necessary information for the accomplishment of the research objective, the researcher exerted more efforts on getting consent of the organization under study prior to the collection of the data. Customers are subjected to the survey conducted was briefed about importance of the study and their valuable contribution in providing information. The respondents were treated with respect and care as the same time assured that the data obtained from them kept confidential and only be used for academic purpose. Finally the data was collected with strict adherence to the above-mentioned research ethics and code of conduct of the organization.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4. Introduction

In this chapter, the data collected from respondents were analysed and interpreted using quantitative analysis which involves analysis of the demographical information of respondents and the descriptive and inferential statistics employed to test the hypothesis and to investigate the influence of independent variables on dependent variable. To analyse the collected data in line with the overall objective of the research, statistical procedures were carried out using SPSS version 23.

4.1 Demographic Characteristics of the Respondents

The demographic factors used in this research were gender, age group, marital status, being customer of Commercial Bank Ethiopia in years, current products of Commercial Bank Ethiopia, educational qualification, work Status, work experience and monthly income of customers of the respondents. Questionnaires were successfully delivered to 384 for customers of Commercial Bank Ethiopia with in a period of 10 consecutive days. A total of 341 valid responses with 43 missing questionnaires were returned back with 88.8 % response rate. The questionnaires were personally handed to the respondents with close follow up and guide in filling the questioners.

The data collected were presented via SPSS version 23 and analyzed through descriptive Statistics (frequency, percentage, mean and standard deviation). Linear regression analysis was used to test the hypothesis, additionally correlation was used to measure the relationship between saving customers growth and its determinant variables and interpretations were made in accordance with the results of the testing. Hence, the research results that were collected through the survey questionnaires were analyzed using descriptive and inferential statistics and the results are presented and discussed in the following sections.

Table 4.1: Frequency distribution of gender, age group and marital Status

| | | Frequency | Percent |
|--------|--------------|------------|------------|
| Gender | Male | 194 | 56.9 |
| | Female | 147 | 43.1 |
| | Total | 341 | 100 |

| | | | |
|----------------|--------------|------------|--------------|
| Age group | 18-30 | 73 | 21.4 |
| | 31-45 | 120 | 35.2 |
| | 46-55 | 114 | 33.4 |
| | 56 and above | 34 | 10.0 |
| | Total | 341 | 100.0 |
| Marital Status | Single | 34 | 10.0 |
| | Married | 101 | 29.6 |
| | Divorced | 73 | 21.4 |
| | Widowed | 66 | 19.4 |
| | Other | 67 | 19.6 |
| | Total | 341 | 100.0 |

Source: analysis of survey data 2021, using SPSS 20

The above table 4.1 shows that distributions of respondent's gender 56.9% of the respondents were male, while 43.1 % of the respondents were female. This implies that majority of the participants in the research were male. The age assortment of the respondents were 21.4% aged from 18- 30, from the age 31- 45 are 35.2%, 33.4% were ranged from age 46-55, the rest of the respondents age were 56 and above having 10% of the respondents. In respect of the marital status 10% single, 29.6% married 21.4% were divorced, 19.4% were widowed and 19.6 were other. From the above table related to their age and marital status the majorities of respondent were ranged from age 31-45 and in respect of their marital status those who were married.

Table 4.2: Frequency distribution of being customer in years and Current products

| | | Frequency | Percent |
|--------------------------------|-------------------|------------|--------------|
| Being customer of CBE in years | Below 5 Year | 22 | 6.5 |
| | 5 to 10 Year | 50 | 14.7 |
| | 11 to 15 Year | 86 | 25.2 |
| | More than 15 Year | 183 | 53.6 |
| | Total | 341 | 100.0 |
| Current products with CBE | Saving | 257 | 75.4 |
| | Loan | 16 | 4.7 |
| | Trade Service | 16 | 4.7 |
| | Other | 52 | 15.2 |

| | | | |
|--|--------------|------------|--------------|
| | Total | 341 | 100.0 |
|--|--------------|------------|--------------|

Source: analysis of survey data 2021, using SPSS 20

The above table 4.2 shows that distribution of respondents of being Commercial Bank Ethiopia customer in years and using current products of Commercial Bank Ethiopia. From total number of respondents 6.5% of the respondents were having below 5 years, while 14.7 % of the respondents were from 5 to 10 years of being customers at Commercial Bank Ethiopia. 25.2 % were from 11 to 15 years of being customers at Commercial Bank Ethiopia. This implies that majority of the participants in the research were having from 11 to 15 years being customers and they are familiar and have good experience to tell about service quality and other parameter of Commercial Bank Ethiopia. The assortment of the respondents related to using Commercial Bank Ethiopia products were 75.4% saving, customers using loan and trade service were 4.7 %, the rest of the respondents (15.2%) were included under other category (i.e. cash transfer, foreign remittances, etc.). From the above table related to their being of Commercial Bank Ethiopia customer in years and products using at Commercial Bank Ethiopia the majority of respondent were customers ranged from 11 to 15 year having more experience in Commercial Bank Ethiopia and in respect of their product they are using saving accounts.

Table 4.3: General Information: Education level, work status and work experience

| | | Frequency | Percent |
|-----------------|---------------------|------------|--------------|
| Education Level | High School | 13 | 3.8 |
| | Diploma | 47 | 13.8 |
| | B.A. or B.Sc. | 104 | 30.5 |
| | M.A. or M.Sc. | 15 | 4.4 |
| | Above M.A. or M.Sc. | 4 | 1.2 |
| | Other | 158 | 46.3 |
| | Total | 341 | 100.0 |
| Work Status | Government | 198 | 58.1 |
| | Private | 55 | 16.1 |
| | Own Business | 88 | 25.8 |
| | Total | 341 | 100.0 |
| Work Experience | Below 5 Years | 35 | 10.3 |
| | From 6 to 15 Years | 51 | 15.0 |

| | | | |
|----------------|---------------------------|------------|--------------|
| | From 16 to 25 Years | 113 | 33.1 |
| | 26 and Above Years | 142 | 41.6 |
| | Total | 341 | 100.0 |
| Monthly Income | Below Birr 3,000 | 40 | 11.7 |
| | From Birr 3,001 to 6,000 | 44 | 12.9 |
| | From Birr 6,001 to 8,000 | 59 | 17.3 |
| | From Birr 8,001 to 10,000 | 92 | 27.0 |
| | Above Birr 10,001 | 106 | 31.1 |
| | Total | 341 | 100.0 |

Source: analysis of survey data 2021, using SPSS 23

The above table 4.3 shows education qualifications of respondents. As it indicated in the table, 31.7% holds a first degree and more (specifically 1.2% holds Above M.A. or M.Sc. and 30.5% holds a first degree), 13.8% were college diploma holders, while 3.8% are high school graduates and 46.3% of the respondents other (i.e. have no educational certificate). Further the result of work status shows that 58.1% of the respondents are government employee, 16.1% private employee and 25.8% running their own business.

When we came to their work experience and monthly income 10.3% of the respondents were those who have below 5 years' working experience with 11.7% having below birr 3,000 monthly income, 15% of the respondents were from 6 to 15 years work experience with 12.9% having monthly income between birr 3,001 to 6,000. 33.1% of the respondent was having working experience between 16 to 25 years with 17.3% monthly income From Birr 6,001 to 8,000. 41.6% have 26 and above years of working experience with 27% have monthly income from Birr 8,001 to 10,000. 31.1% of the respondents have above birr 10,001 monthly income.

Table 4.4: Saving growth

| | | Frequency | Percent |
|--|----------|-----------|---------|
| | Disagree | 13 | 3.8 |

| | | | |
|---|----------------|------------|--------------|
| Service quality will encourage me to save more | Neutral | 47 | 13.8 |
| | Agree | 104 | 30.5 |
| | Strongly Agree | 15 | 4.4 |
| | Total | 341 | 100.0 |
| My saving is growing because I can access nearby CBE Branch | Disagree | 9 | 2.6 |
| | Neutral | 78 | 22.9 |
| | Agree | 157 | 46.0 |
| | Strongly Agree | 97 | 28.4 |
| | Total | 341 | 100.0 |
| The quality of services leads me to save more always | Disagree | 5 | 1.5 |
| | Neutral | 88 | 25.8 |
| | Agree | 174 | 51.0 |
| | Strongly Agree | 74 | 21.7 |
| | Total | 341 | 100.0 |
| Because of I am loyalty to CBE my saving is growing | Disagree | 1 | .3 |
| | Neutral | 73 | 21.4 |
| | Agree | 183 | 53.7 |
| | Strongly Agree | 84 | 24.6 |
| | Total | 341 | 100.0 |

Source: analysis of survey data 2021, using SPSS 23

The above table 4.4 shows the perception of respondents related to their saving growth. From total number of respondents 30.5%, 4.4% of the respondents were agree and strongly agree, while 13.8% of the respondents were neutral, 3.8% were disagree. This implies that majority of the participants in the research were encouraged by service quality provided and they are satisfied and tends to save more as a result of service quality. Additionally, to identify whether the quality of services leads them to save more or not, 51% and 21.7% of the respondents were agree and strongly agree that they are initiated and leads to save more depending the service quality that Commercial Bank of Ethiopia provided. While 25.8% and 1.5% of respondents were neutral and disagree.

The assortment of the respondents related saving growth as a result of the bank accessibility 46% and 28.4% of the respondents were agree and strongly agree respectively, 22.9% and 2.6% were neutral and disagree. This implies that majority of the participants in the research were encouraged by bank accessibility of Commercial Bank of Ethiopia and they are encouraged and initiated to save more as a result of the bank accessibility.

From the above table 4.4 related to the loyalty of customer and growth of their saving the majority of respondent were loyal customers, 53.7% and 24.6% of the respondents were agree and strongly agree that they are loyal to Commercial Bank of Ethiopia, indicating that their saving growth comes as a result of their loyalty.21.4% and 0.3% were neutral and disagree respectively, implying that they are not loyal to the bank.

4.2 Descriptive Analysis

In this part descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of the respondents. The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. But, while making interpretation of the results of mean and standard deviation the scales were reassigned as follows to make the interpretation easy and clear. 1 - 1.8= Strongly Disagree, 1.81 – 2.6= Disagree, 2.61 – 3.4= Neutral, 3.41 – 4.20= Agree and 4.21 – 5= Strongly Agree. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 23 software.

Table 4.5: descriptive statistics

| Descriptive Statistics | | | |
|-------------------------------|------|----------------|-----|
| | Mean | Std. Deviation | N |
| Saving Growth | 3.82 | .759 | 341 |
| Service Quality | 3.88 | .739 | 341 |
| Bank Accessibility | 3.84 | .735 | 341 |
| Customer Satisfaction | 3.79 | .779 | 341 |
| Customer Loyalty | 3.80 | .729 | 341 |

Source: analysis of survey data 2021, using SPSS 23

4.2.1 Perceptions of respondents towards service quality

Service quality helps to achieve common goal through the process of building stronger and long-term relationship with customers and it is helpful in order to attract potential customers. The banking industry is facing a more severe competitive environment, which requires not only the operational efficiency of the bank but also quality of service for the customer

satisfaction. Additionally Banks must meet the needs of their customers in order to achieve sustainable development.

The above table 4.5 illustrates the perception of the respondents towards service quality. Accordingly, the concern of service quality has scored a mean of 3.88 with standard deviation of 0.739. From this we can conclude that the respondents agreed with the statement about service quality, So that, service can be expected by customer of Commercial Bank Ethiopia is good in terms of its quality, willingness of employee, customer can expect when services will be performed, delivering customized product to customer and employees commitment are potential areas of Commercial Bank Ethiopia to improve service quality.

Under the open ended questions with some selected customers and employees of the bank concerning service quality shows that customer centric service quality plays a vital role for saving customers growth. Specifically some employees clearly stated that the primary strategy of the bank was putting customers at the center and offering excellent service based on customers need and expectation with more advanced banking technology because focusing service quality is more valuable and it helps the bank to retain the existing and attract new customers.

4.2.2 Perceptions of respondents towards bank accessibility

When the bank is accessible nearby it improves its capability in sharing knowledge about customer and collecting more saving from customers. It is not only through branches expansion but also providing suitable electronic payments and focusing in new technological advancement Commercial Bank Ethiopia can address its customers everywhere. This leads to increase the organization's capability in responding the customers' needs and maintaining them which in turn increases growth of saving customer. Access to banking services can help households better manage financial decisions.

Table 4.5 shows the perceptions of the respondent towards the statement about bank accessibility; accordingly, the concern of bank accessibility has scored a mean of 3.84 with standard deviation of 0.735. From this we can conclude that the respondents agreed bank accessibility is the determinant factor of growth of saving customer. As we can see under regression analysis Commercial Bank of Ethiopia is in a good standing with its accessibility

to its customers. So, accessibility of the bank for customers is one of the most critical determinants to achieve customers saving growth.

In open ended questions with some selected customers and employees of the bank concerning bank accessibility Commercial Bank Ethiopia aggressively opening branches and working on technological advancement to easily address its customers. This plays a vital role for saving customers growth and it helps the bank to attract more customers even from the other competitors.

4.2.3 Perceptions of respondents towards customer satisfaction

To achieve continuous success in the long run, the need to emphasize on the customer satisfaction is a key consideration. In other words, satisfaction can only be met when the performance generated by companies exceeds customer expectations.

Table 4.5 shows the perceptions of the respondent towards the statement about customer satisfaction; accordingly, customer satisfaction has scored a mean of 3.79 with standard deviation of 0.779. From this we can conclude that the respondents agreed with the statement about the customer satisfaction. So, in addition to service quality and bank accessibility, customer satisfaction is one of the most critical determinants to achieve customers saving growth.

4.2.4 Perceptions of respondents towards Customer loyalty

Loyalty is having exceptional and special things to deliver, that could be selected and preferred by customer which is helpful in retention of customer for long period of time. The use of loyalty strategy has proved to increase customer retention level while reducing marketing costs.

Table 4.5 shows the perceptions of the respondent towards the statement about customer loyalty; Accordingly, Customer loyalty has scored a mean 3.80 with standard deviation 0.729. From this we can conclude that the respondents agreed with the statement about customer loyalty. So, customer loyalty for the bank is the critical determinant which leads the way to achieve customers saving growth.

Concerning customer loyalty some of customers of the bank mentioned in open ended questions that they have more confidence on Commercial Bank Ethiopia and they are happy of working being its customers. This shows that their loyalty which in turn helpful for saving customers growth.

4.3 Correlation Analysis

Correlation analysis is a method of statistical evaluation used to study the strength of a relationship between two, numerically measured, independent and dependent variables (i.e. service quality, accessibility of the bank, customer satisfaction, and customer loyalty vs. growth of saving customer). The particular type of analysis is useful when researcher wants to establish if there is possible connection between variables.

Different authors suggest different interpretations; however, (Cohen, 1988) suggests the following guidelines for interpreting correlation coefficients:-

Small = .10 to .29

Medium = .30 to .49

Large = .50 to 1.0

These guidelines apply whether or not there is a negative sign out the front of your r value.

Table 4.6: correlation matrix for the selected variable

| Correlations | | | | | | |
|-----------------------|---------------------|-----------------|--------------------|-----------------------|------------------|-------------------------|
| | | Service quality | Bank accessibility | Customer satisfaction | Customer loyalty | Saving customers growth |
| Service quality | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| | N | 341 | | | | |
| Bank accessibility | Pearson Correlation | .532** | 1 | | | . |
| | Sig. (2-tailed) | .000 | | | | |
| | N | 341 | 341 | | | |
| Customer satisfaction | Pearson Correlation | .497** | .514** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | | | |

| | | | | | | |
|-------------------------|---------------------|--------|--------|--------|--------|-----|
| | N | 341 | 341 | 341 | | |
| Customer loyalty | Pearson Correlation | .446** | .455** | .355** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | |
| | N | 341 | 341 | 341 | 341 | |
| | | | | | | |
| Saving customers growth | Pearson Correlation | .793** | .775** | .730** | .690** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 341 | 341 | 341 | 341 | 341 |
| | | | | | | |

** . Correlation is significant at the 0.01 level (2-tailed).

The results of correlation analysis in the table 4.7, shows that all the independent variables (i.e. service quality, bank accessibility, customer satisfaction and customer loyalty) are positive and significantly correlated with dependent variable (i.e. saving customers growth).

Based on the correlation result as it is shown in the table the correlation coefficient between service quality and saving customers growth is the highest score of all correlation result which is ($r = 0.793$). This means if the bank focus on service quality, the bank's saving customers growth will be improved. Therefore, service quality has power to determine the saving customer's growth of Commercial Bank Ethiopia.

Further on the correlation result as it is shown in the table 4.6, bank accessibility is the second of all correlation results of saving customers growth which is ($r = 0.775$). This means that if the bank improves the accessibility, the growth of saving customer will be improved. Therefore, bank accessibility has power to have effect on the growth saving customer of the bank. Branch expansion and other technological advancement that improves accessibility of the bank is one of the basic determinant factors of saving growth of commercial banks.

On the other hand customer satisfaction also has correlated with the dependent variable (i.e. saving customers growth). The correlation coefficient between customer satisfaction and growth of saving customer is the third of all correlation results which is ($r = 0.730$).

The last variable included in the growth of saving customer determinant as shown in table 4.6, the correlation between customer loyalty and growth saving customer which is ($r = 0.690$). This means customer loyalty has relationship with growth of saving customer. So, customer loyalty is one of the important factors to determine growth of saving customer and that help the Commercial Bank Ethiopia to collect more savings from customers.

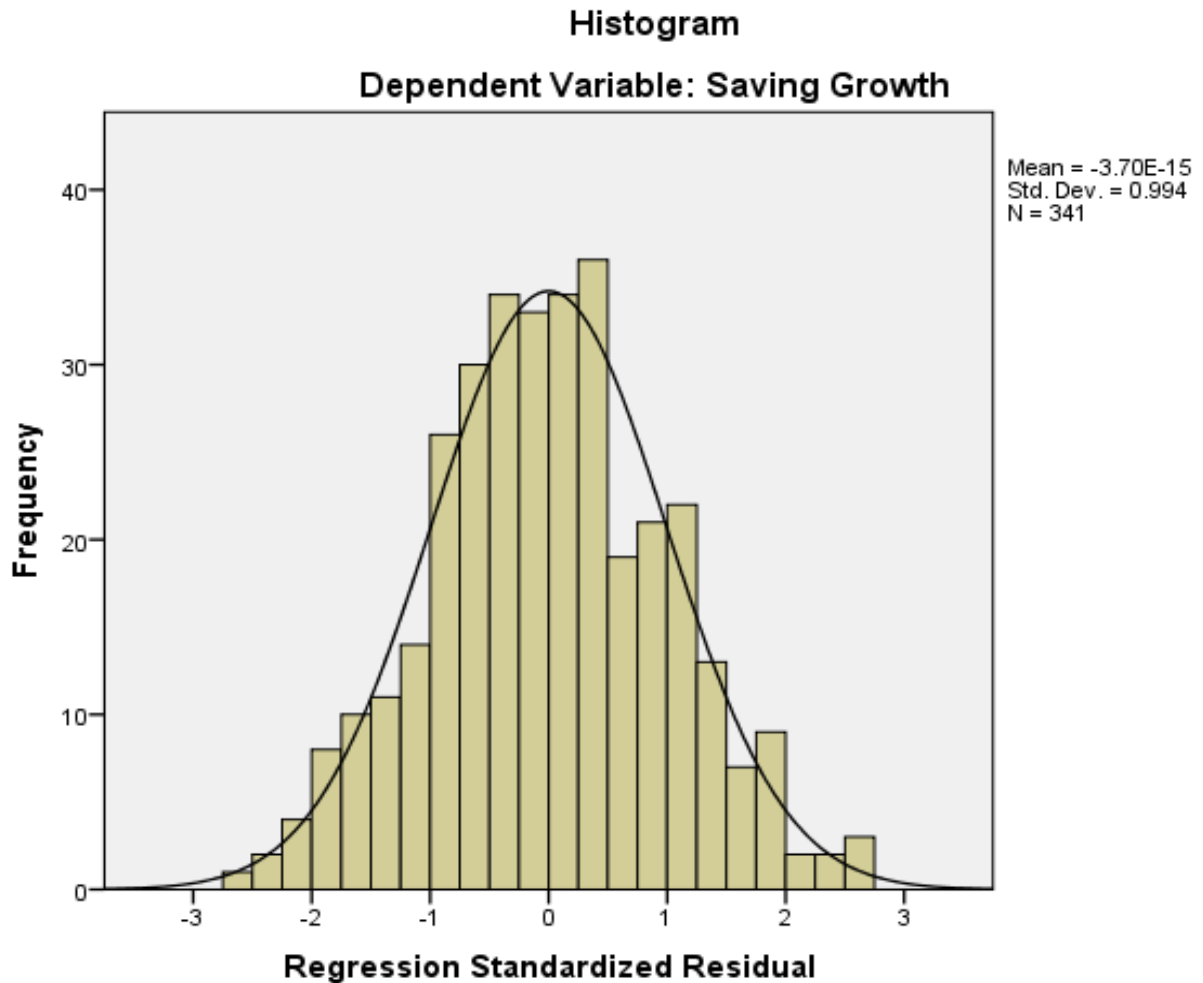
4.4 Assumptions of Multiple Regression Model

Before analyzing the data gathered by the questionnaires, the researcher has checked the necessary assumptions that have to fulfill in order to undertake analysis by multiple regression models.

2.1.1 Test for Normality

Test for normality, its determining whether the data is well modeled by normal distribution or not. This test of normal distribution could be checked by graphical (histogram and dot plot) method of tests. The normality assumption assumes a critical role when a study is dealing with a small sample size, data less than 100 observation. Even though the normality assumption is not a treat since the observation or sample size of the study is large enough, more than 100 observations, the researcher tested it using histogram and normal probability plot (NPP). The decision rule is, if the fitted with in the line in the histogram and NPP is approximately a straight line, one can conclude that the variables of interest are normally distributed. (Gujarati, 2004)

Figure 4.1: Histogram



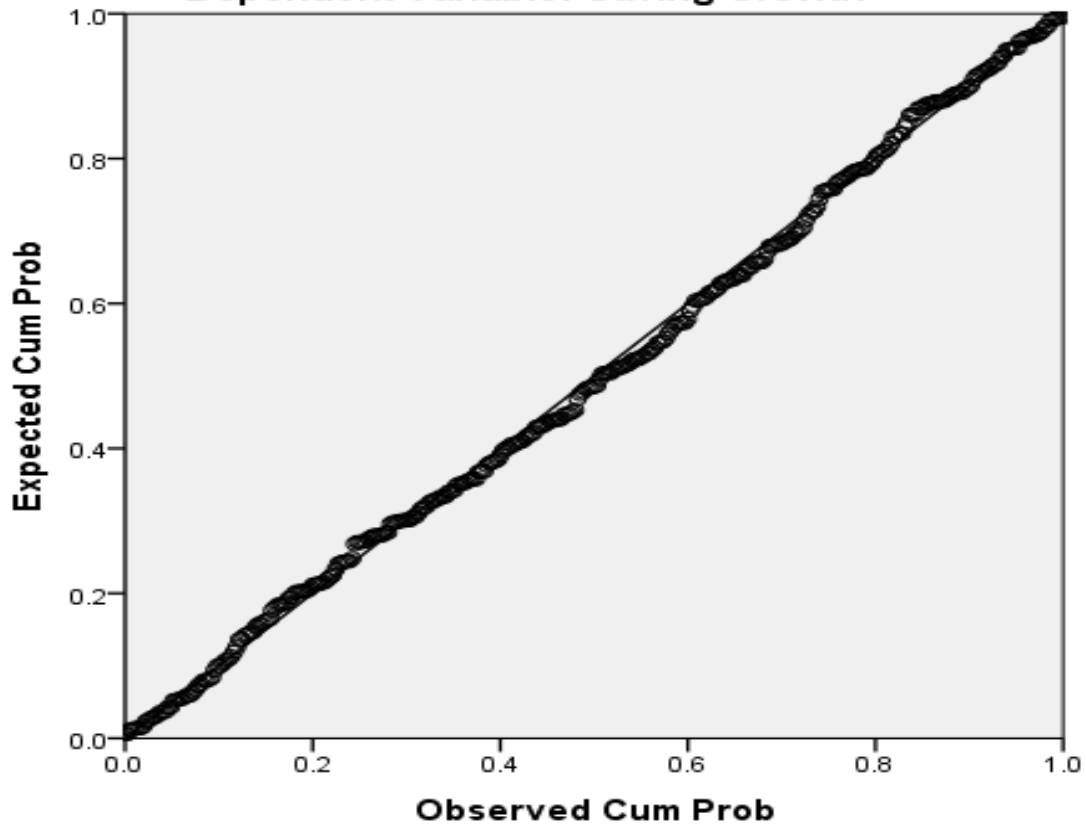
Source: analysis of survey data 2021, using SPSS 23

From the above figure 4.1, we can see that residuals of the model are approximately normally distributed, because a straight line seems to fit the data reasonably well.

Normality can be checked by histogram and p-plot. In the Normal P-P Plot, you are hoping that your points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. As we can see from the histogram and p-plot graph in the above diagram we can say the variables are normally distributed.

Figure 4.2: Normal probability plot (NPP)

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Saving Growth

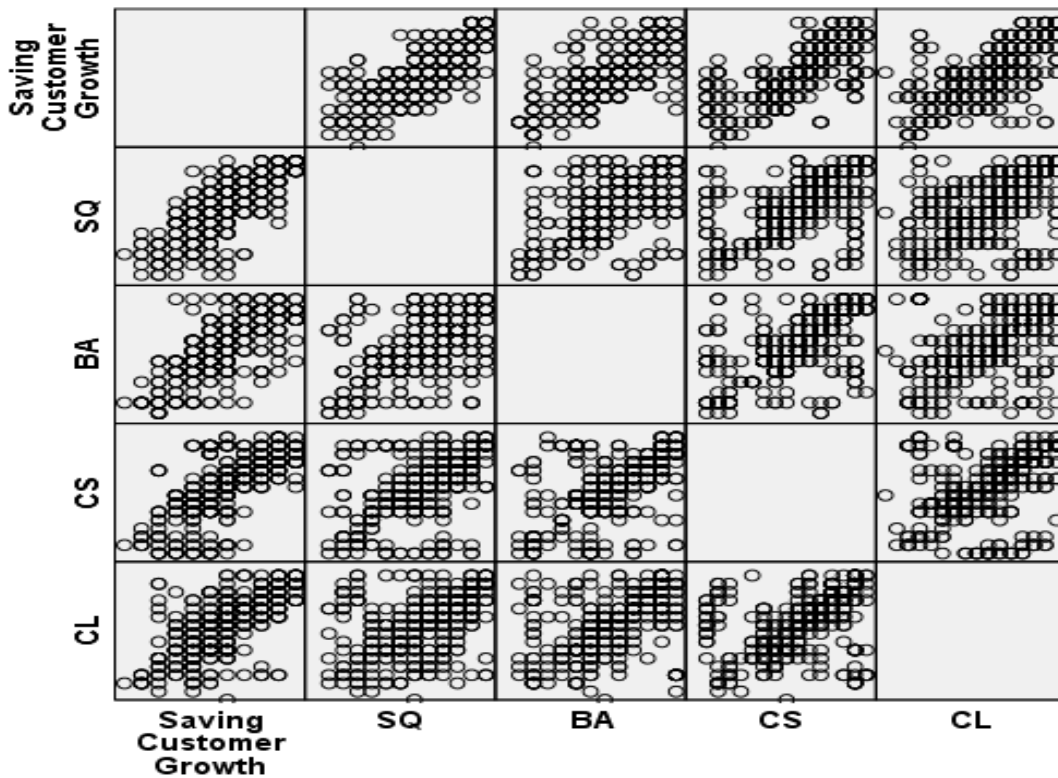


Source: analysis of survey data 2021, using SPSS 23

2.1.2 Test for Linearity and Homoscedasticity

Multiple linear regression model assumes there is a linear relationship between the independent variables and the dependent variables. Homoscedasticity assumption means the range of variance for the dependent variable is uniform for all values of the independent variables. Both assumptions can be checked by scatter plot diagram stated below.

Figure 4.3: Scatter Plot Linearity and Homoscedasticity



Source: analysis of survey data 2021, using SPSS 23

As we can see from the above diagram, both assumption are not serious threat to the study since can draw one straight line to approximate the observations for all independent variables against the dependent variable and also the variance between the upper and lower cases of the observations are reasonably similar.

2.1.3 Test for Multicollinearity

Another assumption that has to meet to undertake multiple linear regression model is the assumption of multicollinearity. Multicollinearity is a situation where independent variables in multiple regression linearly correlated. Here we are measuring degree not kind because correlation among independent variable may appear. It's an indication for a linear relationship between the independent variables. (Gujarati, 2004)

The other way to check Multicollinearity assumption is using Tolerance and VIF. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula $1 - R^2$ for each variable. If this value is very small (less than .10) it indicates that the multiple

correlation with other variables is high, suggesting the possibility of Multicollinearity. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating Multicollinearity.

Table 4.7: Test for Multicollinearity: Collinearity Statistics

| Model | | Collinearity Statistics | |
|---|----------------------|-------------------------|-------|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | ServiceQuality | .613 | 1.630 |
| | BankAccessibility | .596 | 1.679 |
| | CustomerSatisfaction | .662 | 1.512 |
| | CustomerLoyalty | .730 | 1.369 |
| a. Dependent Variable: Saving Customer Growth | | | |

Source: analysis of survey data 2021, using SPSS 23

The result from the above table 4.7 shows the VIF is below ten and the tolerance result did exceed 0.10. Hence, we have not violated the multicollinearity assumption.

2.1.4 Test of Independent of Residuals

Multiple linear regression model assumes the residuals are independent of one another. The Durbin-Watson statistic is used to test for the presence of serial correlation among the residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are not correlated if the Durbin-Watson statistic is approximately 2, and an acceptable range is from 1.50 to 2.5.

Table 4.8: Test of Independence of Residuals

| Model Summary ^b | | | | | |
|----------------------------|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .934 ^a | .873 | .872 | .20526 | 1.800 |

a. Predictors: (Constant), CL, CS, SQ, BA

b. Dependent Variable: Saving Customer Growth

Source: analysis of survey data 2021, using SPSS 23

From the table above 4.8, we can also understand that the assumption of independence of residuals was meeting. Generally, the study discussed five major assumptions that must be

fulfilled for one to analyze data using multiple linear regression model. So, since all the five assumptions were not violated, the researcher examined the data collected by the questionnaires using multiple regression model as follow.

4.5 Regression Analysis

The study used a multiple linear regression model and examines the effects and magnitudes of the independent variables identified from the questioners on the independent variable (i.e. saving customers growth) of commercial banks of Ethiopia. Before interpreting the regression result we have checked for all assumptions.

Table 4.9: Multiple Regression analysis result

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|--|-------------------|----------|-------------------|----------------------------|
| $SG = \beta_0 + \beta_1 SQ + \beta_2 BA + \beta_3 CS + \beta_4 CL + \varepsilon$ | .934 ^a | .873 | .872 | .20526 |

a. Predictors: (Constant), CL, CS, SQ, BA

b. Dependent Variable: Saving Customer Growth

Source: analysis of survey data 2021, using SPSS 23

The multiple regression results in tables 4.9, shows the results of multiple regressions of customer saving customers growth of Commercial Bank Ethiopia. The result reveal that the model tested is significant ($p < 0.00$). As far as the above table is showed, R value = 0.934, the value of R Square = 0.873 and the adjusted = 0.872 this indicates that 87.2% of the variance in growth of saving customer is expressed in the variation of the four independent variables (i.e. service quality, bank accessibility, customer satisfaction, and customer loyalty).

Table 4.10: Summary of Analysis of Variance (ANOVA^a)

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| | Regression | 97.457 | 4 | 24.364 | 578.317 | .000 ^b |
| | Residual | 14.156 | 336 | .042 | | |
| | Total | 111.613 | 340 | | | |

a. Dependent Variable: Saving customers growth

b. Predictors: (Constant), CustomerLoyalty, CustomerSatisfaction, ServiceQuality, BankAccessibility

Source: analysis of survey data 2021, using SPSS 23

As we see from the above ANOVA table 4.10 the P value is 0.00 which is less than the level of significance or 0.05. The combination of the variables significantly predicts the dependent variable ($F=578.317$; $p < 0.05$). Therefore, the overall regression model is significant.

Table 4.11: Coefficients of growth of saving customer regression

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|----------------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| | (Constant) | .430 | .075 | | | | 5.733 |
| ServiceQuality | .283 | .019 | .365 | 14.729 | .000 | .613 | 1.630 |
| BankAccessibility | .211 | .020 | .270 | 10.724 | .000 | .596 | 1.679 |
| CustomerSatisfaction | .208 | .018 | .283 | 11.830 | .000 | .662 | 1.512 |
| CustomerLoyalty | .224 | .018 | .285 | 12.530 | .000 | .730 | 1.369 |

a. Dependent Variable: Savingcustomer growth

Source: analysis of survey data 2021, using SPSS 23

The above table 4.11 shows that the standardized Beta coefficients present and predicted the results of regression analysis of each independent variables on saving customers growth. When we came to the result it reveals that growth of saving customer is individually and co-jointly predicted by service quality ($\beta = .283$, $p < 0.01$), bank accessibility ($\beta = .211$, $p < 0.01$), customer satisfaction ($\beta = .208$, $p < 0.01$), and customer loyalty ($\beta = .224$, $p < 0.01$).

4.6 Discussion on Hypothesis Test

At this point using this multiple regression coefficient results, the proposed hypotheses for this study were tested as follows:-

H1: Service quality has positive and significant influence on saving customers growth.

Based on regression analysis result in the above table 4.11 service quality has significant influence on saving customers growth ($p < 0.01$), and the value of beta is ($\beta = .283$), this shows that there is a positive and significance impact of the quality of customer service. This implies that a one percent increment in service quality results 28.3 percent increment in saving customers growth of the Commercial Bank Ethiopia. Thus, the proposed hypothesis is verified and accepted. According to Kebede (2017) Services quality was found as major

determinants of customer satisfaction in Commercial Bank Ethiopia is statistically significant and have a positive relationship which leads to growth of saving customer. Shemsu (2015) Service excellence is one of the most useful qualitative determinants in adding value to its customers to mobilize more deposits. Commercial Bank Ethiopia must understand what drives both value and delight for the customers and adopting a customer centric service quality, deliver customer delight and drive for loyalty and saving growth.

H2: Accessibility of the bank has positive and significant impact on saving customers growth.

The multiple regression result in the above table 4.11 revealed that accessibility of the bank has significant impact on saving customers growth ($p < 0.01$), and the value of beta is ($\beta = .211$), shows that there is a positive and significance relationships between accessibility of the bank and saving customers growth. This implies that a when accessibility of the bank increases by one percent there is an increases 21.1 percent increment in saving customers growth of the Commercial Bank Ethiopia. Thus, the proposed hypothesis is verified and accepted. In line to the above result the findings of Shemsu (2015) indicated that number of branch opening (i.e. accessibility of the bank) have positively and significant relationship with saving growth in Commercial Bank Ethiopia. Thus, by addressing banking accessibility, Commercial Bank Ethiopia can resolve problems experienced in growth of saving customer and can channel the more resources in the hands of the community. Additionally Fekadu (2018) indicates that total growth of saving customer of private commercial banks that operate in Ethiopia is significantly and positively affected by number of branches (expansion of branches).

H3: Customer satisfaction has positive and significant influence on saving customers growth.

The multiple regression result in the above table 4.11 additionally shows that customer satisfaction has significant impact on saving customers growth ($p < 0.01$), and the value of beta is ($\beta = .208$), shows that there is a positive and significance relationships between Customer satisfaction and saving customers growth. It implies that a one percent change in Customer satisfaction results 20.8 percent increment in saving customers growth of the commercial bank of Ethiopia. Thus, the proposed hypothesis is verified and accepted.

H4: Customer loyalty has positive and significant influence on saving customers growth.

Finally the result in the above table 4.11 shows that customer loyalty has significant influence on saving customers growth ($p < 0.01$), and the value of beta is ($\beta = .224$), shows that there is a positive and significance relationships between customer loyalty and saving customers growth. It implies that a percentage change in Customer satisfaction results 22.4 percent increment in saving customers growth of the Commercial Bank Ethiopia. Thus, the proposed hypothesis is verified and accepted.

Table 4.12: Summary of Hypothesis

| No | Hypothesis | Accepted/not accepted |
|----|---|-----------------------|
| H1 | Service quality has positive and significant influence on saving customers growth. | Accepted |
| H2 | Accessibility of the bank has positive and significant impact on saving customers growth. | Accepted |
| H3 | Customer satisfaction has positive and significant influence on saving customers growth. | Accepted |
| H4 | Customer loyalty has positive and significant influence on saving customers growth. | Accepted |

Source: analysis of survey data 2021, using SPSS 23

Generally, the result of this study support the findings of the several previous studies such as Fekadu (2018), Shemsu (2015) and Mamo (2017), Their findings show that the bank accessibility have positive correlation results on saving customers growth and branch expansion has positive and significant effect on total saving growth. Similar to the above result Bearden and Teel, (1983) indicated that for service providers, achieving customer satisfaction is important have positive impact in the future long life of the business. When we came to customer loyalty and growth of saving customer, in line with the above result Otaibi and Yasmeeen (2014) attempted to study perceived service quality and customer satisfaction, which affect Saudi customer loyalty, and reviewed relevant previous studies that investigated positive relationships among the variables.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5. Summary of Finding

The main purpose of the study was to examine the determinants of saving customers growth, particularly in Commercial Bank Ethiopia, Addis Ababa city. The major goal of identifying those factors is to create long-lasting relationship with customers through increasing their saving customer with their prospective capacity. Saving is the first requirement to survive in a competitive environment and to generate profit. The determinant factors that were included in this research are service quality, bank accessibility, customer satisfaction, and customer loyalty.

In this study, quantitative research approaches are implemented and due to the purpose a descriptive and explanatory research design was used. The target populations of the study were customers and employees of Commercial Bank Ethiopia. Simple random sampling technique was used and to calculate the sample size Krejcie & Morgan (1970), sampling formula for finite population was used. In this study, both primary and secondary data were used as source of information. Based on the research objective, questionnaires were prepared and distributed to three hundred thirty eight (384) customers. From the 384 questionnaires, 341 questionnaires are completed and returned. This is 88.8 percent response rate.

As the findings of this study indicated in table 4.5 the descriptive statistics for saving customers growth reveal that the respondent are agreed with the statement. This shows a positive perception of determinant factors on saving customers growth at Commercial Bank Ethiopia. Moreover, the respondents agreed that service quality (3.88 (SD = .739)) has the highest mean value, followed by bank accessibility (3.84 (SD = 0.735)) and customer loyalty (3.80 (SD = 0.729)) respectively, indicating that service quality is the highest determinant on growth of saving customer in Commercial Bank Ethiopia. Finally the respondents agreed that customer satisfaction (3.79 (SD = 0.779)) has lowest mean value.

Also the results of correlation analysis in table 4.6 shows that all the independent variables i.e. service quality, bank accessibility, customer satisfaction, and customer loyalty are positively and significantly correlated with the dependent variable i.e. saving customers growth at 99% confidence level ($P < 0.01$). The highest correlation is signified by service quality ($r = 0.793$),

followed by bank accessibility ($r = 0.775$), customer satisfaction ($r = 0.730$) and customer loyalty ($r = 0.690$).

Furthermore, table 4.11 shows the results of multiple regressions of determinant factors. The result shows that the model tested is significant ($p < 0.01$), the R value = 0.934, the value of R Square = 0.873 and the adjusted R Square = 0.872 this indicates that 87.2% of the variance in organization performance is expressed in the variation of the four independent variables i.e. service quality, bank accessibility, customer satisfaction, and customer loyalty, and the remaining 12.8% of the variance in growth of saving customer may be explained by other factors.

Finally the proposed hypotheses were tested and they show that growth of saving customers positively and significantly influenced by four independent variables. In general, the independent variable i.e. service quality, bank accessibility, customer satisfaction, and customer loyalty has a positive and significant influence on the dependent variable i.e. growth of saving customer of Commercial Bank Ethiopia, specifically in Addis Ababa city and service quality has the highest influence on growth of saving customer by 28.3 percent.

5.1 Conclusion

Nowadays, saving customer is one of the essential issues and challenging job in developing countries as domestic funds provide cheap and reliable source of funds for development. Owing to the growing need for finances from new and existing businesses of the country, to make profits from those finances, saving customers' growth is becoming the critical success factor for banks. The main objective of this study was to identify the determinants of saving customers growth in Commercial Bank Ethiopia, specifically in Addis Ababa city. To comply with the objectives of the study, the determinant factors that were included in this research are service quality, bank accessibility, customer satisfaction, and customer loyalty.

Data was presented and analyzed by using descriptive statistics, correlation analysis and multiple regression analysis to identify the determinants of saving customers growth. Before performing multiple regression, the model was tested for the classical linear regression model assumptions. From four explanatory variables, all of them proved to be statistically significant. The study, as presented in above summary, found that: - It is very

important that Commercial Bank Ethiopia should understand the determinants of saving customers growth (service quality, bank accessibility, customer satisfaction, and customer loyalty).

- ✎ The result of this study showed that, among the variables service quality is positively and statically significant to the saving customer's growth of Commercial Bank Ethiopia.
- ✎ Concerning to bank accessibility, it implies that the bank accessibility is a positive and significant in explaining savingcustomer's growth inCommercial Bank Ethiopia.
- ✎ The customer satisfaction reacts positively towards saving customers growth. The relationship is similar to the expected sign.
- ✎ Customer loyaltyhas positive and significant impact on saving customer's growth.

Therefore it is reasonable to conclude that growth saving customer can be created, reinforced and retained by increasing service quality efficiently, expanding bank accessibility, increasingcustomer'ssatisfaction and paying attention to attract customer's loyalty, it develop strong bonds between Commercial Bank Ethiopia and its customers. Therefore, the researcher concludes that the independent variable (i.e. service quality, bank accessibility, customer satisfaction, and customer loyalty) has a positive and significant influence on the dependent variables (i.e. saving customers growth) in Commercial Bank Ethiopia.

5.2 Recommendations

Based on the findings and conclusions made above, the following possible recommendations are forwarded as being valuable to Commercial Bank Ethiopia to enhance saving customer's growth, continue with its strength and work hard on its weakness in order to improve its performance.

In Commercial Bank Ethiopia the activities on the determinant factors have to be enhanced and reinforced in order to keep and increase saving customer's growth. This can be enhanced and developed through the following:

- Commercial Bank Ethiopia should have to improve service quality, establish customer centric performance standards at all customer touch points and using advanced banking technologies like updated banking software, hardware and facilities to increase

employees performance, minimize customer waiting time and increase service excellency. This helps the bank to attract new customers, retain the existing ones and increase its market share.

- Commercial Bank Ethiopia should expand and increase branches and technological devices to reach its customers as possible as nearly to provide its products and services on promised place and time.
- Employees should interact friendly with customers while delivering service to come up with the best customer satisfaction. Different departments of the bank should make coordinated effort to know and meet customers' needs and expectations in order to improve the level of customer satisfaction.
- Commercial Bank Ethiopia should build long term relationship with customers which makes customers loyal to the bank, work with individual customer through continuous communication to customize its offerings by being loyal and keeping its promises, meet the needs and expectations of its customers and treat them with great care, customize customer interactions to optimize value and should provide time and resources to manage relationships in order to create loyalty to rely on in the minds of each customer.

Generally, Commercial Bank Ethiopia should have increasing growth of saving customers and continuously as an indispensable tool for gaining competitive advantage and build long-lasting and profitable relationships with its customers. Commercial bank of Ethiopia should add values and enhance service quality, bank accessibility, customer satisfaction and customer loyalty to achieve the growth in saving customers.

Reference

- AberhamTeshale, (2014) *Determinants of Deposit Mobilization in Commercial Banks*, Gondar, Ethiopia: Gondar University.
- AndinetFerede, (2016) *Factors Determining Deposit Mobilization Performance: In the case of Private Commercial Banks in Ethiopia*, Addis Ababa, Ethiopia: Addis Ababa University.
- Asiedu E., (2015) *Supportive Organizational Culture and Employee Job Satisfaction: A critical source of competitive advantage: A case study in a selected banking company in Oxford, a City in the United Kingdom*, International journal, Econ. Manag. Sci.4:272. Doi:10.4172/21626359.1000272.
- Athukorala, P.c., &Sen, K. (2001) 'The Determinants of Private Saving in India ', pp. [Online].Availableat: <https://crawford.anu.edu.au/acde/publications/publish/papers/wp2001/Privat.pdf>.
- Commercial Bank of Ethiopia, (2011) *Boosting domestic savings in Africa*, Addis Ababa, Ethiopia: MudayeNiway Magazine.
- Commercial Bank of Ethiopia, (2020) *Annual Report, 2019/20*, Addis Ababa, Ethiopia.
- Bhatt, V. V., (1970) 'Some Aspects of Deposit Mobilization', *Economic and Political Weekly*, *Economic and Political Weekly*, Vol. 5(36), pp. 1495-1497.
- Daniel A., (2018) 'Savings and income relationships among households: a review of the literature ', *Agricultural Socio-Economics Journal*, XVIII (3), pp. 133-143, Faculty of Applied Sciences, Methodist University College Ghana, Ghana.
- Deaton, A., 1991. 'Household Saving in LD'S: Credit Markets, Insurance, And Welfare' Papers 153, Princeton, Woodrow Wilson School - Development Studies.
- DerejeHailemariam, (2017) *Determinants of Deposit in Ethiopian Private Commercial Banks*, Addis Ababa, Ethiopia: Addis Ababa University.
- Devinaga, R., (2010) 'Theoretical Framework of Profitability as Applied to Commercial Bank in Malaysia', *European Journal of Economics, Finance and Administrative Sciences*, *Multimedia University*, pp. 63, Melaka, Malaysia.
- Eustacius, N. B., & David, J. L., (1995) 'Factors Affecting Commercial Bank Lending to Agriculture', *Southern Agricultural Economics Association*, pp. 31.
- FekaduAsgele (2018) *Determinants Of Commercial Banks Deposit: In The Case Of Private Commercial Banks In Ethiopia*, Addis Ababa, Ethiopia: 27.

- Fisher, P. J. & Anong, S. T. (2012) *Relationship of saving motives to saving habits*, Association for Financial Counseling and Planning Education.
- G. J. Santoni (1985) *The Effects of Inflation on Commercial Banks*, Federal reserve bank of St. Louis.
- Gedey B., (1990) *Money, Banking and Insurance in Ethiopia*. Addis Ababa: Berhanenaselam Printing Press.
- George, D., & Mallery, P. (2003) *SPSS for Windows step by step, A simple guide and reference*. 11.0 update (4 th ed.). Boston: Allyn&Bacon.
- Gerpott T., (2001) *Customer retention, loyalty, and satisfaction in the German mobile cellular telecommunications market*, Telecommun. Policy 25(4):249-269.
- Giragn G., (2015) *Determinants of Deposit Mobilization and Related Costs of Commercial Banks in Ethiopia*”, Addis Ababa, Ethiopia: Addis Ababa University.
- Gujarati, D.N., (2004) *Basic Econometrics*. 4th Edition, McGraw-Hill Companies.
- Guma, N.&Bonga-Bonga, L., (2016) *The relationship between savings and economic growth at the disaggregated level*. MPRA Paper No. 72131.
- Hamid, R., (2011) *Credit to Private Sector, Interest Spread and Volatility in Credit- Flows: Do Bank Ownership and Deposits Matter?* DESA Working Paper No. 105.
- Herald and Heiko, (2009) *deposit interest as one of the determining factor for commercial banks deposits*.
- Herald F., and Heiko H., (2009) *Lebanon-Determinants of commercial banks Deposits in a Regional Financial Centre*, IMF Working paper, WP/09/195.
- Herald, F., & Heiko, H. (2008), *Lebanon-Determinants of commercial banks Deposits in a Regional Financial Center*, IMF Working paper, WP/09/195.
- Katherine S., (2004) *The Evolving Roles of Commercial Banks in US Credit Markets*, Federal Deposits Insurance Corporation, USA.
- Kaufman. G., (1972), *Deposit Variability and Bank Size*, The journal of financial and pp. quantitative analysis, Vol. 7, No. 5, pp. 2087-2096.
- Kebede Teshale, (2017) *Determinants and outcome of customer satisfaction at the Commercial Bank Ethiopia: Evidence from Addis Ababa*, Hawassa University, Ethiopia.
- Kodom, M., (2013) *Savings habit and use of savings among households in Ghana-East Municipality*, [Online]. Available at:
<http://ugspace.ug.edu.gh> University of Ghana, Legon, Accra.
- Kudaisi, B. V., (2013) *Savings and its determinants in West African countries*, Journal of Economics and Sustainable Development, Vol.4, No.18.

- Lorenzo Cappiello, Arjan Kadareja, Christoffer Kok Sorensen and Macro Protopapa, (2010) *Do Bank Loans and Credit Standards Have an Effect on Output? A Panel Approach for Euro Area*, Working Paper Series, European Central Bank.
- Mahendra, V. P., (2005) *Impact of Self-Help Groups on Formal Banking Habits*, No. 17. Economic and Political Weekly. Vol. 40, 17, 1705-1713.
- Mamo Esayas, (2017) *An Investigation of Determinants of Deposit Mobilization in Commercial Banks of Ethiopia*, Wolaita Sodo, Ethiopia.
- Maria Soledad Martinez Peria and Sergio L. Schmukler, (2001) *Do Depositors Punish Banks for Bad Behavior? Market Discipline, Deposit Insurance, and Banking Crises*, The Journal of Finance, Vol. 56, No. 3, pp. 1029-1051, Blackwell Publishing For the American Finance Association.
- Mckinnon, R.I., (1973) *Money and capital in economic development*. Washington, DC. Brookings Institution press.
- Muday Neway, Vol 5, no Feb 2015 CBE,
<http://www.combanketh.et/portals/0/Resources/Documents/Mudaye%20Neway/2015-Feburary.pdf>
- Mohammad, N., & Mahdi, S., (2010) *The Role of Inflation in Financial Repression: Evidence from Iran* World Applied Sciences, Journal 11. pp. 653-661.
- Mustafa, K. M., & Sayera, Y., (2009) *'An Analysis of Interest Rate Spread in Bangladesh'* The Bangladesh Development Studies.
- N. Desinga, R., (1975) *Deposit Mobilization by Co-operative Banks, A Comparison* Economic and Political Weekly. 29, pp. 1098-1100.
- Narasimham Committee, (1991) *Report of the committee on the financial system*, RBI, Bombay (Mumbai), P.7.
- Ngula, Isaac Beligna, (2012) *Determinants of Deposit Mobilization and Its Role in Economic Growth in Ghana*, Degree of Master's Thesis Kwame Nkrumah University of Science and Technology, Ghana.
- Oliver, R. L., (1980) *A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions*, (4), 460-469.
- Pollet, I., (2009) *Cooperatives in Africa: the age of reconstruction: synthesis of a survey in Nine African countries*, Coop-Africa working paper No.7, Dares Salaam: International Labor Office /ILO/.
- Richard, E. B., (1971) *Deposit Composition and Commercial Bank Earnings* American Finance Association, Blackwell Publishing, The Journal of Finance Vol. 26, No. 1, pp. 39-50.

- Salehi, M. N., (2010)*The Role of Inflation in Financial*. World Applied Sciences, 653-661.
- Schiffman L, Kanuk L, (2007)*Consumer Behavior*. New Jersey: Pearson Education Inc.
- Seyte Z., Kenenisa L., Ganfure T., (2018)*Determinants of Deposit Mobilization in Ethiopian Commercial Banks*, Horn of Africa Journal of Business and Economics (HAJBE), PP: 67 - 76 ISSN: 2617-0078 (Print), 2617-0086 (Online))
- Sheku A. Bangura, (2005)*Statistical Information and the Banking Sector*, Forpresentation at the Fourth meeting of the Committee on Development Information (CODI-IV)-Sub-Committee on Statistics, Plenary Session Information in Key Economics Sector, United Nations Conference Centre (UNCC), Addis Ababa, Ethiopia.
- ShemsuBargicho, (2015) *Determinants of commercial bank deposits in Ethiopia: a case of Commercial Bank of Ethiopia*, Degree of Master's Thesis Addis Ababa University, and Addis Ababa, Ethiopia.
- TenayeGebre,(2019)*Determinants of Private Commercial Banks' Deposit Growth in Ethiopia*, Addis Ababa, Ethiopia.
- Unvan, Y.A.andYakubu, I.N., (2020) *Do Bank specific factors drive bank deposits in Ghana?*Journal of Computational and Applied Mathematics, Vol.376, p.112827.
- Wubitu Elias., (2012)*Factors Determining Commercial Bank Deposit: An Empirical Study on Commercial Bank of Ethiopia*, Degree of Master's Thesis Addis Ababa University. Ethiopia.

APPENDICES

APPENDIX A:
QUESTIONNAIRE
ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

Questionnaire for Respondents

Survey Questionnaire to be filled by customers of Commercial Bank Ethiopia

Dear respondent,

First of all I would like to thank you for giving your precious time to fill this questionnaire. The purpose of this questionnaire is to gather information for research to be conducted on the Factors Affecting the Growth of Saving Customers in Commercial Bank of Ethiopia; the Case of Selected Districts in Addis Ababa.

The information you provide will help me to better understand the situation and will be used as an input for completing my MBA Thesis in St Mary's University.

Therefore, I kindly request you to complete the following questions to reflect your opinions as accurately as possible and give factual information to the best of your knowledge. For the successful accomplishment of the study, your response has key role by being used as valuable input for the study. The information that you provide is strictly confidential and will be used only for academic purpose. Thus, you are kindly requested to genuinely fill the questionnaire.

Thank You

MahderMezgebu

PART ONE: - GENERAL INFORMATION ABOUT THE RESPONDENTS

Please tick “√” mark in the box below.

1. Gender

Male Female

2. Age group?

18-30 31- 45 46 -55 56 and above

3. Marital Status: Single Married Divorced Widowed Other

4. For how many years you are customer of CBE: Below 5 years 5 – 10 years
11 – 15 years More than 15 years

5. Current products with CBE: Savings Current Loan other

6. Educational Level

Other High school Diploma A/ B.Sc.M.A/ Sc.Above

7. What is your work status? Government employee te employee Own iness

8. Your wo kperience? Below five years 15 years 1 5 years 2 d above
years

9. What is your monthly income? Below Birr 3,000 birr 3,001 to 5,000 birr
5,001 to 7,000 birr 7,001 to 9,000 birr 9,001 to 11,000 A re birr 11,001

PART TWO: IDENTIFIED VARIABLES

In this part of the questionnaire, your valuable information on the overall variables that determine saving customers growth (service quality, bank accessibility, customer satisfaction

and customer loyalty) and your overall rating and its impact on your saving will be sought. Please tick a number that shows your overall perception with respect to the following statements. Please tick a number that shows your level of agreement with the following statements (Strongly disagree, Disagree, Neutral, Agree, and strongly agree).

| Code | IDENTIFIED VARIABLES | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|-------------|---|-------------------|----------|---------|-------|----------------|
| I | SERVICE QUALITY | | | | | |
| SQ1 | CBE employees are willing to help customers. | | | | | |
| SQ2 | Customer can expect exactly when services will be performed? | | | | | |
| SQ3 | CBE provides customized product to key customers | | | | | |
| SQ4 | CBE is committed to meet customer's needs and expectations | | | | | |
| II. | BANK ACCESSIBILITY | | | | | |
| BA1 | CBE have suitable electronic payment like ATM, POS and mobile and internet banking. | | | | | |
| BA2 | Don't take long duration to get the branches of CBE around. | | | | | |
| BA3 | Don't travel long Kilometer to get CBE branches. | | | | | |
| BA4 | Access to CBE branches becomes simpler. | | | | | |
| III. | CUSTOMER SATISFACTION | | | | | |
| CS1 | CBE understands my needs. | | | | | |
| CS2 | The CBE customer services always meet my expectations. | | | | | |
| CS3 | I am satisfied with the response provided by the CBE. | | | | | |
| CS4 | I'm satisfied by the customer handling service of the CBE. | | | | | |
| CS5 | I am satisfied with the quality of CBE services. | | | | | |
| IV. | CUSTOMER LOYALTY | | | | | |

| | | | | | | |
|-----------|--|--|--|--|--|--|
| CL1 | I prefer CBE to other competitor. | | | | | |
| CL2 | I would consider CBE as my first choice for banking service. | | | | | |
| CL3 | CBE is the best bank for me. | | | | | |
| CL4 | I would be willing to defend CBE in the face of any controversy. | | | | | |
| CL5 | I am a loyal customer to CBE. | | | | | |
| V. | SAVING GROWTH RALATED QUESTIONS | | | | | |
| SG1 | Service quality will encourage me to save more. | | | | | |
| SG2 | My saving is growing because I can access nearby CBE Branch. | | | | | |
| SG3 | The quality of services leads me to save more always | | | | | |
| SG4 | Because of I am loyalty to CBE my saving is growing. | | | | | |

10. Do you think that the Commercial Bank Ethiopia practices while delivering services help you to improve your saving growth in terms of service quality, bank accessibility, customer satisfaction, and customer loyalty? Yes No

11. If your answer is “Yes” Generally, could you mention the major factors affecting your saving in CBE?

1. _____ 2. _____ 3. _____

Thank You for Your Cooperation to Fill the Questionnaire!