

Relationship between Branch Performance and Current Deposit Interest-Free Loan (Case Study: Bank Melli of Zabol City)

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Research Article

Abstract

The aim of present was study relationship between branch performance with current deposit interest-free loan (Case Study: Bank Melli of Zabol city). In this study, 268 questionnaires evaluated performance of 29 branches distributed in Zabol city. Zabol's total number of branches was 32 branches that the third branch will not measured because they were newly established. Due to the small population of branches, all of society was studied in this study. This study is considered descriptive survey. Questionnaire was used to evaluate statistical population attitudes about the performance of short-term bank deposits and long-term success of bank. The results showed that there is significant relationship between performances of branch and short-term deposits absorption and this relationship is reversed and there is no significant relationship between branch performance and with current deposit.

Keywords: Performance; Performance evaluation; Performance of branches; Deposits.

1. Introduction

Mobilization of resources has always been main task of banking system. Excess funds collected from banks and loans to applicants, task of mediation between savers and borrowers are traditional role [1]. Usually in activities of bank, financial resources is very important because success in this area could be factor for success in other areas, fund deposit for each bank and the banking system to external factors and internal factors are concerned. Therefore, understanding these factors and impact of each of them to succeed in this field is essential [2].

In today's world of financial resources is vital for banks so competition is very strong in this field are established between them. One of major evidence provides new services, confidence and attention and encourages more people to deposit in banks.

In this context and in recent decade's new fields to attract more banks and provide better and faster service to customers. Therefore, it is necessary to check dimensions and factors affecting banking resources we can use better and more efficiently these resources [3].

Given to competitive environment of banks and bankers' also very versatile denial of service, need for effective agents available, success of bank, it is important to consider. Some of these factors include bank's human capital and of important points in its success, as amount of attracted deposits mentioned [4].

The purpose of commercial banks attracts funds to applicants' financial standing of people and facilities. In fact, banks are responsible for liaison. Source of revenue, commercial bank must also cover costs, profits and meet educational objectives. Surely this goal is closely associated with management of resources and costs. Therefore, researchers examined impact of employee performance management subsidiaries to absorb variety of short-term deposits and long-term is examined [5].

Basically, development of bank depends primarily on increasing volume of its deposits. Policies that undue regulation in this area is restrictive and conservative would slow expansion of bank. Since the deposits to stagnant activity or for the gradual development or in the course of its rapid growth this policy and its administration will be determining the fate of each bank. Due to importance of this issue and familiarity with performance of banks in this case, researchers put into the collection of Bank Melli of Zabol city to study and use existing data can factor in success of branch's staff performance in attracting variety of short-term deposits and long-term awareness and in case of existence of significant relationship between these two factors, factors affecting success factors for increase in resource mobilization. Conduct applied research in this field and taking into account

the specific situation of banking in country, seems necessary. The aim of present study relationship between branch performance with current deposit interest-free loan (Case Study: Bank Melli of Zabol city).

2. Methods

The aim of this study in terms of classification based on applied research and is descriptive and correlational.

2.1 Statistical population, sample and sampling

The population of this research is branch of Bank Melli of Zabol city.

In this study, 268 questionnaires were distributed to evaluate performance of 29 branches in Zabol city. Tehran's total number of branches to 32 branches, three branches was not assessed due to being newly established. Due to small population of branches, all of society was examined as sample therefore assess reliability of simple random sampling was used between all operators branches in Tehran.

To determine purpose of distribution of questionnaires and data collection are used in target population. So that questionnaire was used to evaluate performance practitioners branches will be prepared and given to head of branch. The results are analyzed using Pearson correlation test. The correlation coefficient shows intensity and type of relationship (direct or inverse). Since research data are quantitative Pearson's correlation coefficient was used to test the relation between them.

It should be noted that due to bank management support and mandatory participation in study, all 268 questionnaires distributed, and completed. The questionnaire contains 10 indicators that fit these

criteria, total of 25 questions was designed (in validity of two questions and remained 23 questions removed) in following table indexes, as well as resources related questions use is provided. To reliability of this study, questionnaire was distributed among limited number and then ensures that respondents have understood questions in questionnaire is not problem, other questionnaires were distributed. The correlation between the two measurements (test-retest reliability coefficient) shows that stability is maintained.

To avoid the error, be sure to delete data that are considerably different from others. For this purpose, statistical quality control charts (Figure 1) used and the data were higher or lower than about σ_3 were excluded from calculations.

Amount of current deposits, branches of "Fatemi" and "Central" due to grave differences with other data, considered as outliers and are removed from the calculations.

Thus, there is no significant correlation between performance of branches with current amount of deposits (0.225) Therefore, assuming confidence level of 95% is not rejected. In fact, according to scatter plot current banking deposits depends on factors other than subsidiary's performance. So then, because there is no proven relationship between performance and success in attracting deposits branches this year, deposit will not be reviewed and effect on attracting its branch performance will not be measured. It is noteworthy that branches of Zabol's Bank Melli, total amount of deposits to short-term deposits and long-term current is negligible. In Figure 2 Distribution Branch and amount of deposits is shown (Tables 1 and 2).

3. Discussion and Conclusion

Knowledge of effective personnel policies is one of challenges organizations. Therefore, organizations

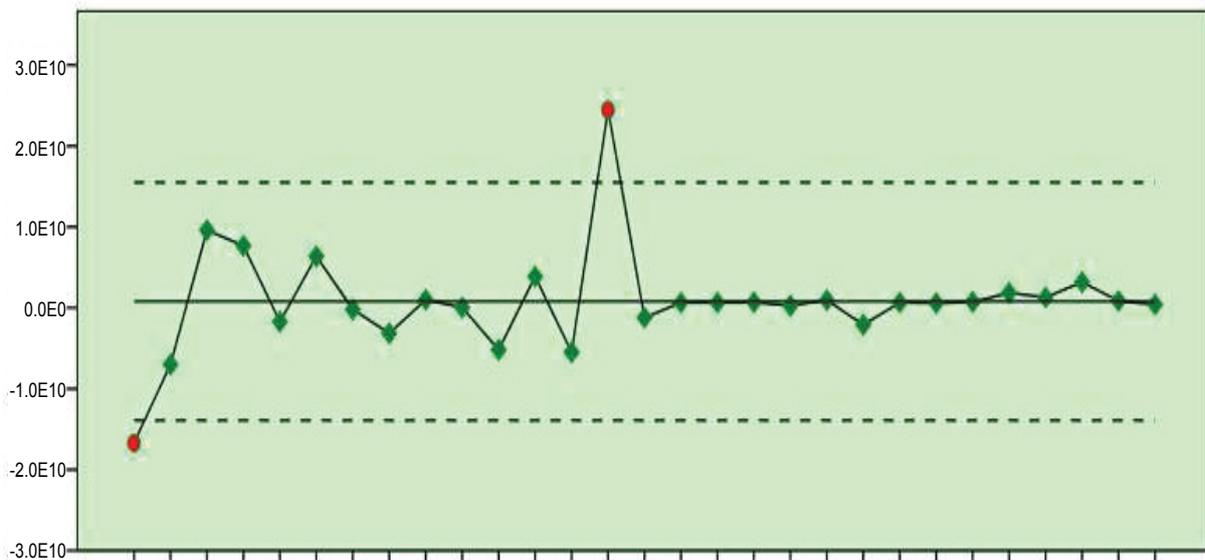


Figure 1. σ_3 control limits the amount of current deposits.

Table 1. Descriptive statistics relationship between the branch and the rates of deposits interest-free loan current.

	Mean	SD	Total
Branch assessment score	7.4541	0.58076	27
Number of current deposits	306.349	306.349	27
Amount of current deposits	96.633	96.633	27

Table 2. Correlation between performances of current branch with loan amount of deposits.

		Branch assessment score	Number of current deposits	Amount of current deposits
Branch assessment score	Pearson correlation	1	0.357	0.225
	Significance level		0.068	0.260
	(Two-sided) number	27	27	27
Number of current deposits	Pearson correlation	0.357	1	-0.251
	Significance level	0.068		0.207
	(Two-sided) number	27	27	27
Amount of current deposits	Pearson correlation	0.225	-0.251	1
	Significance level	0.260	0.207	
	(Two-sided) number	27	27	27

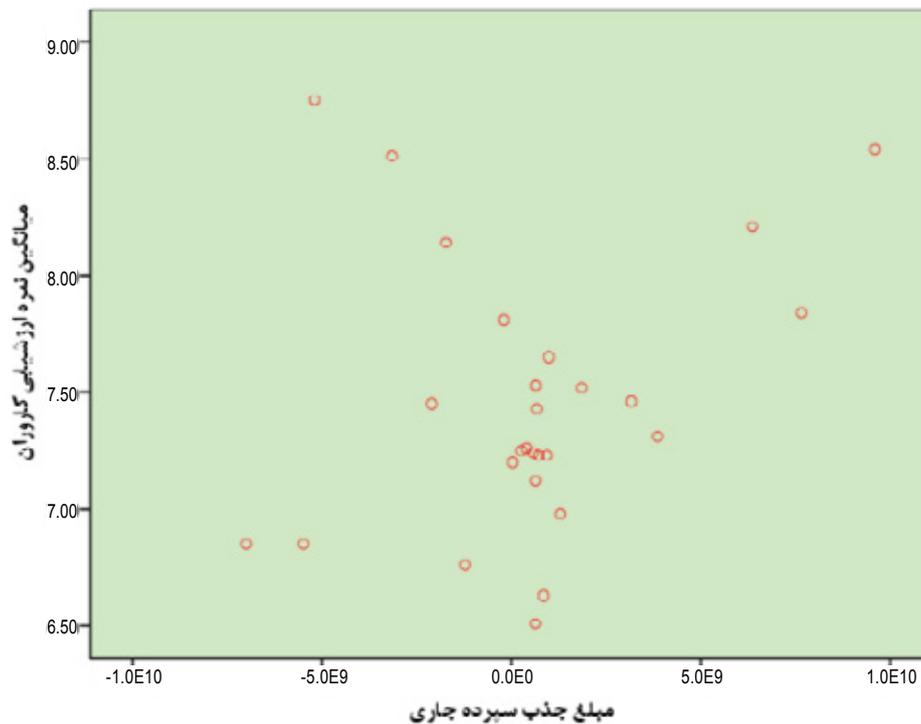


Figure 2. Distribution branch performance evaluation scores and the amount of current deposits.

are always looking for performance evaluation of employees to monitor their policies. In the meantime, because of difficulty of performance evaluation, motivating that gone is looking to make the most of results. In this study, researchers sought to find out effect of branch performance (which field intended participation of employees per branch) and amount

of deposits in banking (Case Study: Bank Melli). This means that whether practice as key assets of organization, positive impact in attracting deposits, any bank can be indicator or not. Steady state current deposits and cannot be influenced by special factors. In interview with experts, reason for this is explained as follows:

Motivating the low number of branches of private banks and not having their current account customers to open a current account at the bank that leads in the number of branches is high. In meantime, only small number of customers who are willing to use banking facilities, creation of accounts and turnover in current account in private banks (Bank Melli in particular) also cooperate. The role acts by branch is not considered as effective factor. In another briefing should be noted that current banking deposits are not of Bank Melli's policies of Zabol city. Based on above results before and interviews with banking experts pause following recommendations:

1. Operation of line equations obtained from this study in annual planning and analysis
2. Cost - benefits earned in line with the rate of productivity increase in cost per unit performance
3. The use of modern methods of evaluation based on current assessment

According to the results the following areas for future research are suggested:

Identify additional factors affecting the index deposits in banks such as:

- a. Physical size Branch.
- b. Location of branches in the country.
- c. Location of branches in the city.
- d. The visibility of branch.
- e. The amount of advertising carried out by each of the branches.

- f. The facilities offered to customers at each branch.
 - i. Identify best performance of individuals in private and public banking system.
 - ii. The effect of each indices on indices of attracting deposits and priorities.
 - iii. Doing this topic in other banks and institutions, and comparing the results with research and generalizing the results to entire banking industry by increasing the number of private and public research institutions.

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