

IMPACT BANK SPECIFIC AND MACROECONOMIC VARIABLES ON DEPOSIT MOBILIZATION OF NEPALESE COMMERCIAL BANKS

Bishnu Prasad Bhattarai

*Research Scholar, Academic Director/ Business Unit Head, Excel Business College, Pokhara University, Nepal
Faculty Member, Patan Multiple Campus, Faculty of Management, Tribhuvan University, Kirtipur, Nepal*

Received: 02 Jul 2019

Accepted: 08 Jul 2019

Published: 23 Jul 2019

ABSTRACT

The main purpose of this study is to analyze the impact of interest rate on deposit mobilization of commercial banks in Nepal. This study is based on secondary data analysis form the year 2013 to 2017 which consist of 50 observations. The data are obtained from the annual report of concerned banks and annual supervision report and economic bulletin published by Nepal Rastra Bank. To achieve the objectives of the study, descriptive, correlational and casual comparative research design has been used. The dependent variable is a total deposit which has been specified in term of LNTD while the independent variables are bank-specific (interest rate spread, deposit interest rate) and macroeconomic variables (inflation rate, gross domestic product, money supply). The relationship between total deposit and interest rate spread, deposit interest rate, inflation rate, gross domestic product, the money supply has been analyzed with the help of the multiple regression techniques from SPSS-21 Version. The limitation of the research is that only a sample of ten commercial banks annual reports for the period 2012/13 to 2016/17 (10 years) have been taken in order to address the subject under investigation. The study concludes that interest rate spread, deposit interest rate, inflation rate, gross domestic product, and money supply all factors affecting the deposits of commercial banks in Nepal. Whereas, interest rate spread, money supply, and gross domestic product are a positive impact on deposit and rest two variables are negative effects of Nepalese context. Which indicates higher the interest rate spread, money supply, and gross domestic product, higher would be the deposits. Similarly, an increase in the deposit interest rate and inflation rate leads to decrease in the deposits.

KEYWORDS: *Interest Rate Spread, Deposit Interest Rate, Inflation Rate, Gross Domestic Product, Money Supply*