

# RANKING OF FACTORS AFFECTING THE MOBILIZATION OF BANK RESOURCES USING ANALYTICAL HIERARCHY PROCESS (CASE STUDY: IRANAIN HEKMAT BANK)

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Article History: Received on 30<sup>th</sup> October 2018, Revised on 15<sup>th</sup> February, Published on 22<sup>nd</sup> February 2019

## Abstract

**Purpose:** The purpose of this study is to identify and rank the factors affecting the resources mobilization of Iranian Hekmat Bank.

**Methodology:** In this research, six main factors are considered in mobilizing resources and deposits of customers of the bank. The statistical population of this research is senior credits managers of Iranian Hekmat Bank. The ranking of these factors has also been done using Analytical Hierarchy Process (AHP) and Expert Choice Software (ECS).

**Main Findings:** The results of this study showed that the factor of loyalty and organizational affiliation has the most impact on resources mobilization. Afterwards, communications and human factors, financial factors, advisory factors, service factors and physical factors are effective in mobilizing bank resources, respectively.

**Implications:** The results of this study can be used to increase the quality of mobilization which directly affects the profitability of resources. Also this research can help other banks to absorb the financial resources and increases the level of invest in the banks. In addition it can help banks to improve their loan paying.

**Novelty:** This research has focused on the large number of factors which can affect mobilization of bank resources which other previous researches have not addressed all these factors together. No other previous researches have focused on the strategies of fundraising, but in this research this goal has been focused.

**Keywords:** *Mobilization, Resources, Deposits, Mobilization, Iranian Hekmat Bank, Analytical Hierarchy Process*

## INTRODUCTION

Mobilizing on resources has always been the main bank system tasks. Banks collect the surplus amount of money and thus carry out its main role which is go-between depositors and loan suppliants. Usually, in a bank activities, financial resources attraction is of a great significance since the success in this respect will pave the way for other domains success. For each bank and banks system, attracting financial resources relates to factors both inside and outside the organization. Therefore, identifying these factors and their effectiveness is very important and pivotal for success in this respect. In this paper, effective factors of bank resources attraction are studied which are under the influence of inside and controllable management factors. In financial markets of most countries, banks play a very significant role and have taken a very special place in accelerating the regular circulation of economic cycle through financial resources to create and develop civil plans and provide units for engagement plans, and terminate inchoate plans. Since banks are nonprofit institutes, they cover most of their resources by their deposits. So depositors' decision regarding selecting their assets basket may have a worthy portion on bank deposits. (Monsef, A. (2010)

Organizations are established in order for replying environment's requirements. One of the most important environmental factors is customers. If an organization can atone, maintain and/or increase customers' satisfaction, it will be successful, accordingly. Thus developing and transcend organizations seek always for atoning customers satisfaction. Banks should know what customers criterion is in order for choosing and continuing their relation with a bank, to maintain and attract these customers. Awareness toward the selection criteria of a bank by a customer allows bank to identify proper marketing strategies to attract new customers and maintain their current customers. In fact, a growing competition and similarity in prepared services by banks makes this issue increasingly obvious, as these factors are customers' main criterion in selecting the products of financial services providers. (Yaghubi, N.2014)

Although factors such as industrialization, development and evaluation of social activities and consequently incidence of new requirements are among significant and influential factors in establishing and spreading the financial institutes, economic development and advancement is also one of the most important factors in expanding and revolting these institutes. Indeed, financial institutes have been established in order to facilitate other economic institute development. And therefore, one can state that existence of developed financial institutes and market along with applying new methods has a direct relationship with ranking of development of a country. In these circumstances, attracting financial resources and an effective competition in attracting such resources by various bank groups has taken attention of financial and credit institutes.

### ***Factors inside organizations affecting resources attraction***

In a general classification, one can divide factors influencing financial resources attraction into factors inside and outside of an organization. Outside organization factors are those which are out of control of bank management and include factors like inflation rate, money supplying growth rate, national earnings, and economic growth and central bank policies. Factors inside the organization on the other hand are generally divided into service factors, financial factors, human and communicative factors, physical factors organizational dependence and fidelity factors and consultative factors. (Aftabi, H. 2013).

#### ***Service factors***

- Variety of bank services
- Quality of bank services
- Electronic banking service

#### ***Financial factors:***

- expending loans
- Gain rate paid to deposits
- Rewards paid to deposits

#### ***Human and communicative factors:***

- Advertisements
- Staff's behavior and way of communication with customers
- Proper informing and providing education to customer
- Proper individual characteristics of staffs
- Staff's specialty skills

#### ***Physical factors and circumstances***

- Bank branches location
- Number of bank branches
- Design and beautification of branches ' exterior and interior space

#### ***Organizational fidelity and dependence factors***

#### ***Consultative factors***

### **RESEARCH HYPOTHESES**

According to the recognized effective factors in the previous researches (Aftabi, H. 2013), which were also presented in previous section, the hypotheses of this research are as follow.

***Primary hypothesis:*** what are inside organizational factors affecting resources attraction in Iranian Hekmat Bank, according to priority and importance from managers' viewpoint?

#### ***Secondary hypotheses***

1. What are the influential services factors on bank resources attraction in Iranian Hekmat banks' branches, based on significance and priority, from manager's viewpoint?
2. What are the influential financial factors on bank resources attraction in Iranian Hekmat banks' branches, based on significance and priority from managers' viewpoint?
3. What are the influential human and communicative factors on bank resources attraction in Iranian Hekmat banks' branches, based on significance and priority from manager's viewpoint?
4. What are the influential physical factors on bank resources attraction in Iranian Hekmat banks' branches, based on significance and priority from managers' viewpoint?
5. What are the influential organizational fidelity and dependence factors on bank resources attraction in Iranian Hekmat banks' branches, based on significance and priority from managers' viewpoint?
6. What are the influential consultative factors on bank resources attraction in Iranian Hekmat banks' branches, based on significance and priority from managers' viewpoint?

### **REVIEW OF THE LITERATURE**

Seems Bargicho (2015), in his MA thesis, attempts to study the influential factors on Commercial bank's deposits attraction. Results of his study demonstrate that advertisement, loan gain rate, citizen's awareness and use of information technology has a positive impact on resources attraction. Deposits interest rate on the other hand has got negative impact in this respect .also inflation rate and GDP rate make the deposits amount increase.

[Sayani and Mimi \(2013\)](#) in their research entitled with Determinants of bank selection in united Arab Emirates , draw this conclusion that the interest , friends recommendation , family recommendation , branches location , services costs , reliability , presented loans by bank, proper consult by personnel , banks emprise , polite and kind personnel are among the criteria for selecting a bank by customers .[Ranjbar and sharif \(2011\)](#) in a study under the title of Islamic banking selection criteria , proceeded to identify effective factors on Islamic bank's acceptance by customers .they then identified criteria such as presenting fast services ,confidentiality and secret keeping , banks fame and image expanding continuum of services , friendly personnel behaviors, lower loan gain rate , parking place near the bank branch , financial consults , check 's low costs , reliability of bank management , the higher paid gain rate , nearness of bank branch to workplace and residential regions , the outside perspective of bank , banks accounting partition , friends recommendation , family and relatives recommendation , bank interior space and its continece , mass media advertisements ,and the privilege of overdrawn of check account , as effective factors by customers to select a bank.

[Abihiman et al \(2009\)](#) studying Indian government banks , counted factors like man power , staffs level of education , bank environment , bank location ,ads ; government rules and regulations, decrease of government interference in banking affairs as the most influential factors for attracting individuals ' deposits. According to them, man power is the most significant and influential factors of attracting individuals deposits.

[Yaghubi et al \(2015\)](#) , in a study under the title of network analysis of vital factors affecting customers deposits attraction, show that the human and communicative factors have the most influence in attracting and maintaining of banks deposits and consequently in mobilization of banks financial resources.

[Habibi \(2010\)](#) makes an attempt to study the affective factors on mobilizing Isfahan welfare banks resources. Results of his study demonstrate that services, physical, human and communicative, financial and organizational dependence factors are the influential factors of attracting these resources, respectively.

[Khazra \(2005\)](#) , in an enquiry entitled with determinants of country's financial resources shows that Informationand communication technology factors, man power's skills working in banks, variation and quality of banks services, customers satisfaction and content of staffs, interior space desirability, branches location are the significant means to optimally attract financial resources.

[Meshkini & Mirsepasi \(2015\)](#) have investigated the factors influencing the success of banks and financial institutions in allocation of resources in parsian bank branches . In this research, three factors of liquidity management, number of employees and number of customers are considered as effective factors. The results show that the relationship between these three factors is positive in relation to resources allocation.

[Doostar et al. \(2014\)](#) identified and rank the factors affecting absorption of bank resources in Kaarafarin bank. The findings showed that three factors of manpower, advertising and provided services play the most important role in bank resources absorption.

[Ostadi & Sarlak \(2014\)](#) have studied the factors affecting adsorption of bank deposits in branches of the Sepah bank of . The results showed that electronic factors such as POS and ATM have a positive relationship with bank deposits. It also increases interest rates on deposits.

[Ahmadi et al. \(2014\)](#) have studied the effect of e - banking services on mobilization of the financial resources in agricultural bank. The results showed that service quality, customer trust, ease of use and access, employee responsiveness, and quality of access are effective factors in absorbing bank resources.

[Ktircioglu et al. \(2011\)](#) concluded that the number of ATMs , mobile banking , personal attention to the clients from bank employees, bank reputation and image, bank size, reliability and internet access are all among the most important criteria for bank selection by customers in Rumania.

[Syukriah et al. \(2012\)](#) in his study by the title of the effect of macroeconomic variables on volume of bank deposits in Malaysia studied the effect of three measures of inflation rate, GDP rate and return rate on deposit volume. The results showed that only the return rate effects on the volume of deposits and the inflation rate and GDP have no effect on deposits volume.

[Rashid \( 2012 \)](#) in a study by the title of resource absorption measures in developed countries revealed that e - banking, convenience , employee's competency , appearance and promotions are the most important factors of selecting a bank in Bangladesh.

Nazarian & Ismail (2009) showed, in their study by the title of the factors affecting private deposits financing in special and commercial banking network, that national income, real interest rates and the volume of bank loans, and currency and real estate pricing index have a positive and negative effect on financing, respectively. Also the number of branches and the number of personnel have no significant effects on the amount of financial resources in private sector.

Frahangi et al. (2015) in a study on the impact of e - banking services in financial resources showed that the use of e-banking services such as Phone Bank , internet bank , mobile bank and etc. have an impact on absorbing financial resources .

[Monsef & Mansoori \(2010\)](#) investigate the factors influencing on volume of bank deposits. Their results showed that the participating bonds rate has a negative effect on bank deposit volume. The GDP also has a positive effect on bank deposits volume.

**METHOD**

In order to analyze the collected data, hierarchical analysis method has been used. This method, presented for the first time by Professor Saati in 1980, shows how to determine the relative importance of multiple options, Alternatives and etc., in a multi - criteria decision - making problem.

In this study , based on the factors affecting on financial resources , hierarchy of the decision tree is determined at six levels and after gathering information through questionnaire , factors ranking was conducted based on the analytical hierarchy process and paired comparisons ( binary ) between factors provided in each level . In this study, *Expert choice 11 software* was used.

**ANALYSIS**

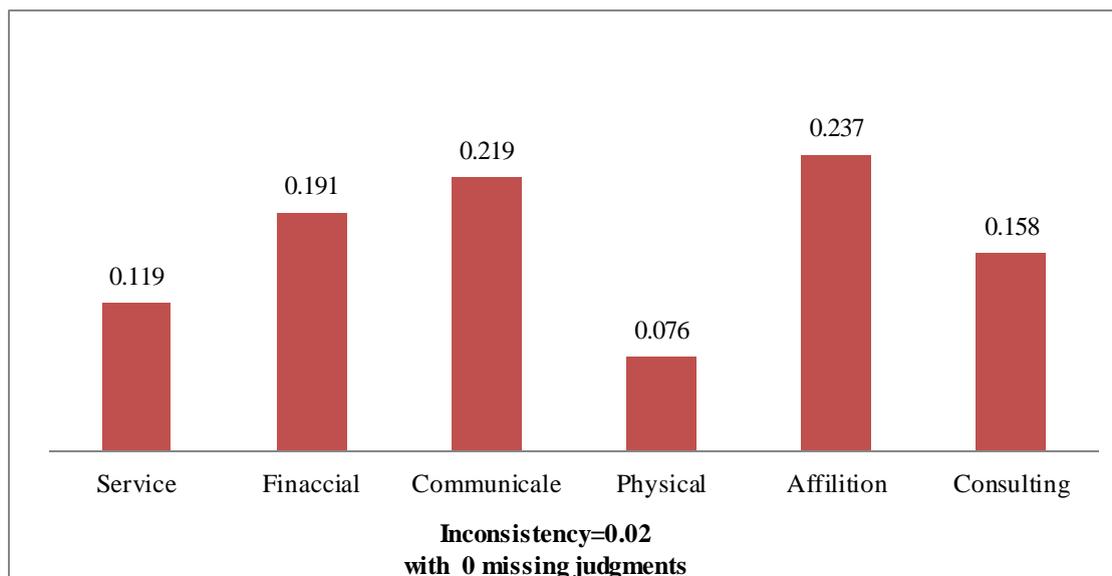
**Primary hypothesis analysis**

Primary hypothesis: what are inside organizational factors affecting resources attraction in Iranian Hekmat Bank, based on priority and importance from managers' viewpoint?

**Table1. Demographic details of the respondents**

Characteristics		Frequency	%
Gender	Male	8	88.9
	Female	1	11.1
Age	20 – less than 30 years	4	44.4
	30–less than 40 years	2	22.2
	40–less than 50 years	2	22.2
	50 – less than 60 years	1	11.2
Education	BSc.	2	22.2
	MSc.	6	66.6
	PHD	1	11.2
	1 – less than 10 years	5	55.6
	10 – less than 20 years	2	22.2
	20 – less than 30 years	2	22.2

Regarding the obtained values in figure 1, organizational fidelity and organizational dependence has got the most importance, taken value of 0.237, than the other factors in Iranian Hekmat bank. In contrast, physical factors (taking 0.076 values) have got the least importance. It is worth saying that regarding the obtained compatibility rate which is 0.1 these view are compatible and one can adduce them.



**Fig 1: Value of major criteria**

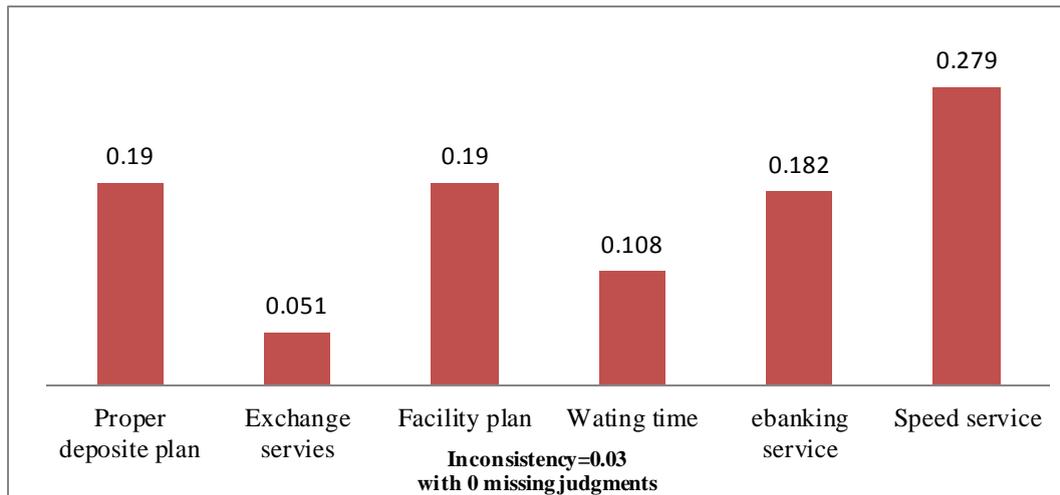
**First secondary hypothesis analysis (sub criteria of services factors)**

First secondary hypothesis is as following: What are the influential services factors on bank resources attraction in Iranian Hekmat banks' branches, based on significance and priority, from manager's viewpoint?

Table (2) demonstrates each of sub criteria values of services factors in Iranian Hekmat bank.

**Table2. Service factors' sub criteria**

Services	Sub criterion	Values	Priority
Factors	Proper Rial deposition plan	0.190	2
	Provision of exchange services	0.051	6
	Appropriate loans paying plans	0.190	3
	Appropriate time for expecting loans	0.108	5
	Ways of electronic and internet banking services	0.182	4
	Speed of service presentation to depositors	0.279	1



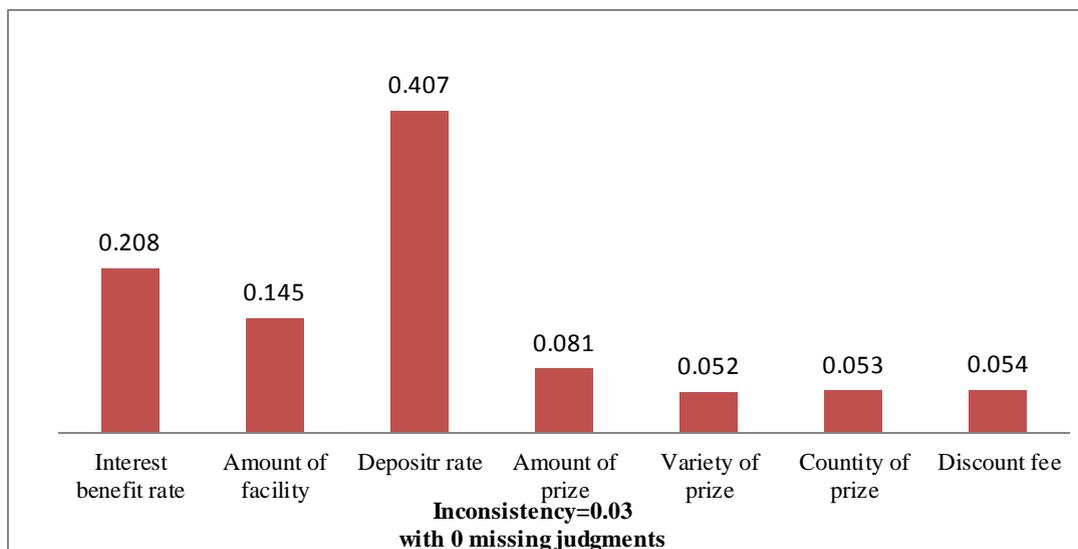
**Fig 2: Service factors' sub criteria**

Regarding results of second Table, from among sub criteria of services factors, the speed of service presentation to depositors has the most value in Iranian Hekmat banks. Then, appropriate design of Rial deposition and appropriate paying of loans has got the most significance. On the other hand, exchange services provision has the least value and has taken the last rank among other service factors, and least significance accordingly. Concerning the fact that the obtained rate compatibility is below 0.1, thus the views are compatible and one can rely on the results of analyses.

**Second secondary hypothesis analysis (sub criteria of financial factors)**

Second secondary hypothesis is as following:

What are the influential financial factors on bank resources attraction in Iranian Hekmat banks' branches, according to significance and priority from managers' viewpoint?



**Fig 3: Financial factors' sub criteria**

Regarding the findings of table 3, from financial factors sub criteria, the interest rate paid to deposits has got the most value by 0.407 values in this respect. Alternatively, the interest loans rate paid to customers has the most amount of significance. On the other hand, various reward paid to depositors has the least value and taken the last rank between these factors and consequently the least importance. Regarding the compatibility rate of 0.1, these findings are also compatible and thus reliable.

**Third secondary hypothesis analysis (sub criteria of human and communicative factors)**

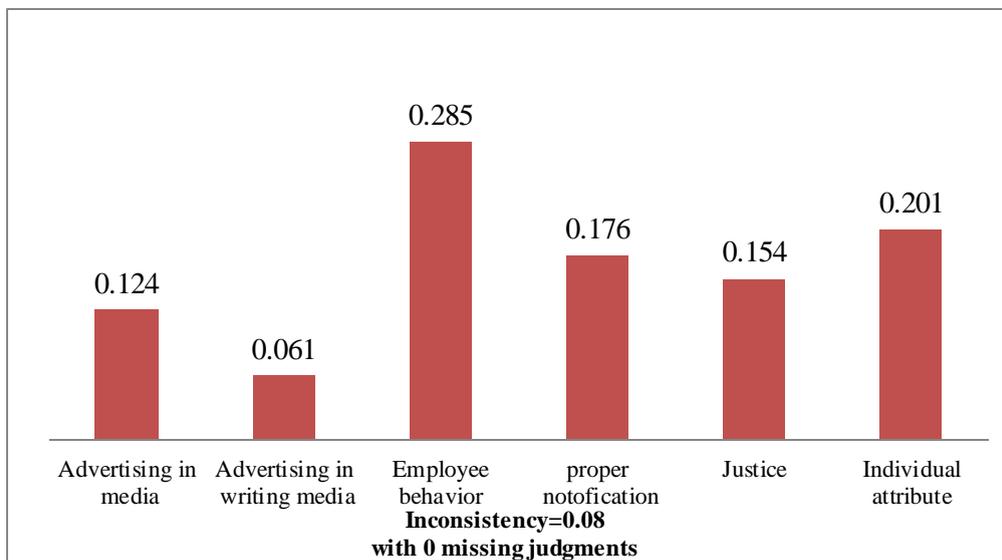
Third secondary hypothesis is as follow: What are the effective human and communicative factors on bank resources attraction in Iranian Hekmat banks' branches, according to significance and priority from manager's viewpoint?

Table 3 demonstrates values of each human and communicative factors sub criteria in Iranian Hekmat Bank.

**Table3. Human and communicative factors’ sub criteria**

Human and Communicative Factors	Sub criterion	Values	Priority
	Ads in visual and audio media	0.124	5
	Banks ads in written media	0.061	6
	staffs behaviors and way of communicating with bank customers	0.285	1
	Observance of equanimity and indiscrimination in presenting services	0.176	3
	Proper informing and providing education to customers	0.154	4
	Staffs personal and specialty characteristics	0.201	2

Regarding results in table (4), among the human and communicative factors sub criteria, staffs behaviors and way of communicating with bank customers has got the most value in this bank. Then, has personal and specialty characteristics of staffs has the most importance. On the other hand, bank advertisement in media the least value and therefore the last rank between other human and communicative factors. The obtained compatibility rate is 0.1, so the views are compatible and one can rely on these finding.



**Fig 4: Human and communicative factors’ sub criteria**

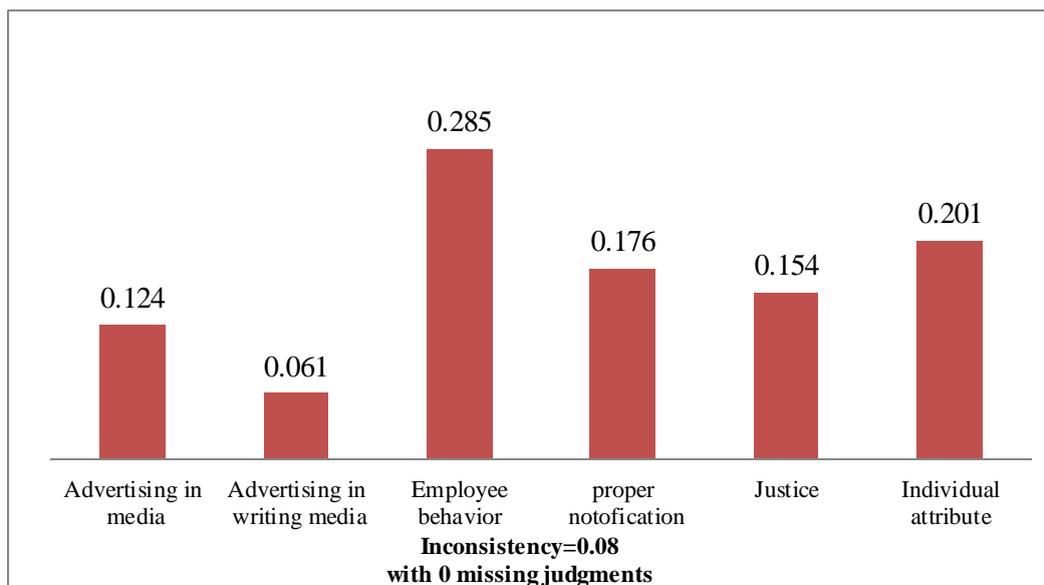
**Forth secondary hypothesis analysis (sub criteria of physical factors)**

Forth secondary hypothesis is like this: What are the effective physical factors on bank resources attraction in Iranian Hekmat banks' branches, according to significance and priority from manager's viewpoint? Table (4) indicates values of each physical factors sub criteria in Iranian Hekmat bank.

**Table 4. Physical factors’ sub criteria**

Physical Factors	Sub criterion	Values	Priority
	Branches location	0/412	1
	Number of branches	0/108	5
	Design and beauty of interior and exterior spaces of braches	0/116	4
	Availability of ATM machines	0/223	2
	Branches' Physical facilities	0/141	3

Regarding findings of table 5, from among the physical factors, branches' location has got the most value, equal to 0/421. And then the convenience of ATM machine availability has got the most importance in this respect. On the other hand, the number of branches has taken the least value and thoroughly the least significance. Regarding the obtained rate of compatibility as 0.1, these findings are also compatible and thus the results of analysis are reliable.



**Fig 5: Physical factors' sub criteria**

## DISCUSSION AND CONCLUSION

The purpose of this study is to identify and rank the influential factors of mobilizing resources in Iranian Hekmat Bank. To this end 9 questionnaires were taken to super managers and experts working in credits domain of this bank in 2017. In order to analyze data, the researcher used analytic hierarchy process method and exploited the Expert Choice software. All of research hypotheses were confirmed.

Results of table (1) show that from among the identified factors, the factor of fidelity and organizational dependence has the most impact on resources attraction. Alternatively, factors such as human and communicative factors, financial factors, consultative factors, services factors and physical factors are placed in other priorities, respectively. Regarding the effect of fidelity and organizational dependence, bank should implement one of the newest ways that is Social customers' relationship management (CRM) to maintain its customers.

Also according to the results of table (2), among services factors the speed of service presentation to customers has the most priority. Banks should pay special attention to future banking i.e. socially engaging banking, banks' intelligent multichannel, financial and non- financial ecosystem.

Regarding table (3), from among financial factors, deposits rate has the most influence. On the other hand, from the human and communicative factors, staffs behavior and way of communication with customers has the most impact. Also concerning the effects of advertising, it is recommended to use the new marketing methods such as digital marketing, utilization of Big Data and social networks for marketing. In addition, from physical factors, the location of banks branches has the most impact so it is recommended to establish these branches and electronic branches in fully trafficking and available areas. Concerning the impact of consultative factors, it is suggested that the banks present in the field of market shares, consultation task and accounting services, determining shares portfolio.

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