

Impact of Banking Services on Deposit Mobilization in Sri Lanka

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Deposit mobilization is the main function of financial institutions, where it is dominated by the banks. It is a process of collecting cash from public through their current, savings and fixed accounts and other specialized schemes, by financial institutes. Generally acknowledged that banks are service oriented organizations and the quality service delivery can affect all the activities that a bank performs. The quality of banking services mainly depends on several factors as, Branching Policy: the expansion of banking facilities and when providing facilities, accessibility is also an important factor, innovative approaches, interest rate policy, more incentives to depositors, more incentives to bank employees when achieving targets on deposit mobilization, training for bank employees and expansion of infrastructure ensure the quality service. Therefore, to assess the impact of banking services on deposit mobilization, the study was employed descriptive statistics, comparison of means and regression analysis. There were 120 respondents have been selected as the sample, by following stratified random sampling method, where Dutugemunu Street-Dehiwala (urban area), Mandawala-kirindiwela (rural area) and Ihala Biyanwila-Kadawatha (semi-urban area) were selected as the sample areas. The research was mainly based on primary data and questionnaires were carried out to obtain primary data. Banking services factor was measured by employing four sub-factors and Likert Scale Five Model has been used to rank the importance of the sub-factors. The study indicates that there is a positive strong correlation between two variables (0.899) and β value of the independent variable is 2408.73 and it further indicates, any type of banking service improvement affects to increase deposit amount (Dependent Variable) by Rs. 2408.73 and it is significant by the 5% significant level. Among demographic variables, gender, occupation, education level, income, living area significantly affect for the deposit mobilization ($P < 0.05$). According to the mean comparison, respondents in both rural and semi-urban area believe that low service charges is the most important sub factor and respondents in urban areas, rank the sub factor: (24x7) service and anywhere connectivity as the most important. According to the analysis, it shows that there is a positive and significant impact of banking services on deposit mobilization decisions of people. Also the residence area is a decisive factor which affects the deposit mobilization decisions of banking customers in Sri Lanka. Therefore, it is useful to consider highly about the quality of the banking services and residential area when implementing strategies to increase deposit mobilization.

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