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**How Do Bank Specific Factors Effect Deposit Growth?
Some Findings from Indian Banking**

Anjan Roy

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NATIONAL INSTITUTE OF BANK MANAGEMENT

Pune, Maharashtra, 411048

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ABSTRACT

Growth of deposit in banks is primarily influenced by macro-economic environment factors. However, despite facing similar business conditions, some banks are able to achieve higher and sustained growth of deposits than others, which indicates to the importance of bank specific factors for deposit growth. This study attempts to determine how these factors matter in Indian banking. Using panel data of thirty eight banks for period 2009-10 to 2018-19, it finds six types of such factors to be influencing the growth rate of deposits. First, the size of saving deposit in banks imposes a lowering effect on growth of most types of deposits. Second, the impact of maturity of deposit portfolio is significant, as banks that depend on short term deposits are able to achieve higher growth. In contrast, banks that have a higher base of long term deposits have lesser growth rate. Third, growth rates of deposit products, such as demand and saving, are reciprocally dependent on each other. Being transaction deposits they may share the same causal factors, such as franchise value in local markets or improvements in service quality, leading to their growth. Fourth, the influence of size of branch network seems to be diminishing for growth of both savings as well as demand deposit. Also, higher number of branches in urban and metro centers have a negative effect on growth of demand deposit. Fifth, the impact of cost of deposit is significant and having a lowering effect on growth of deposit. Sixth, growth of credit emerges as an important determinant of growth of demand and term deposit but not for savings deposit.

Keywords: Deposit mobilization, deposit growth, portfolio maturity, branch network, credit-deposit ratio

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Anjan Roy (Corresponding Author)

National Institute of Bank Management, India

E-mail: aroy@nibmindia.org

**How Do Bank Specific Factors Effect Deposit Growth?
Some Findings from Indian Banking**

1. Introduction

Deposit growth in Indian banking has been on a downward trend since the global financial crisis of 2007-08. While in the years prior to the crisis, deposit growth hovered between 15-20 percent, and reached a peak of close to 30 percent in 2007-08, there has been a steady decline thereafter, bringing the growth rates to around 10 percent by end of 2019-20. Banks have been significantly impacted by this almost secular decline in growth of deposits. While there has been intermittent increase in domestic credit by banks in response to the demand for loans in the economy, the gap between credit and deposit growth has widened. This has impacted the structural liquidity in the banking system as well as bank's cost of funds and their profitability, which has been coming down over the years.

However, not all banks have been impacted similarly by the trends in deposit supply. Certain banks have enhanced their share of deposit market possibly at the expense of others. Studies made in the past have researched the determinants of growth of deposits, and have reported many macro-economic environment and bank specific factors. These studies, however, have dealt with the subject as matter of economic policy and may have missed some aspects of bank level strategies and actions taken for leadership in the deposit market. This paper is focused on certain specific sets of bank specific factors which are found to be strongly impacting their deposit growth.

Using data of thirty eight banks sourced from their annual reports and publications such as Reserve Bank of India's (RBI) Statistical Tables Relating to Banks in India for the ten year period 2009-10 to 2018-19, the deposit profiles of banks has been studied to explore what factors influence the superiority of a bank in regards of its deposit growth performance. During this period of study, economic growth in India alternated through an initial period of trough, followed by peak and thereafter decline. These periods saw three periods of increase in repo rates by the RBI, interspersed with periods of decrease and subsequent decline, which was followed through by changes in deposit rates of banks. The period witnessed decline in growth of bank deposits, initially slowly for few years but then rather steeply. Also during this time, composition of saving deposits increased, with rise in growth rate at the beginning of the period until demonetization, while that of current deposit reduced.

In the following, Section 2 discusses the determinants of deposit growth in banks as found in various studies in different countries including India. Section 3 provides information about the data used and methodology applied in the study. Section 4 then presents the findings and results of the analysis. Section 5 concludes.

2. Determinants of deposit growth in banks

Deposit growth in banks is primarily influenced by macro-economic and business environment factors, including the state of development of the banking and financial system of the economy. For example, in Europe, bank deposit grew in several countries after the formation of the European Union, but declined to near zero level following the sovereign debt crisis (Monokrousos and Thomakos, 2011; Grigorian and Manole, 2016). Banking sector stability, efficiency, broad money supply, economic growth, and inflation are all found to be significant determinants of deposit growth in the long run in Turkey (Yakubu and Abokor, 2020). According to Unvan and Yakubu (2020), macroeconomic instability leading to inflation exerted a significant negative impact on bank deposit in Ghana.

According to Blazheski (2018), real deposit growth varies with the economic cycle. He observed that growth happens during upswing of economic cycle to peak at around the middle of the expansion curve, followed by slow down afterwards, and then pick up just before the downturn to reach a local maximum during or slightly after the recession. Azolibe (2019) found that in Nigeria, while gross domestic product (GDP) growth has positive impact on deposit growth, inflation and deposit interest rate have negative and significant relationship with deposit mobilization. Exchange rate, unemployment and loan to deposit ratio have negative but insignificant relationships. However, Thao and Thanh (2021) in Vietnam while GDP showed a positive effect on bank deposits, inflation showed an insignificant effect. Similar finding was also reported by Morina and Osman (2019) in the banking sectors of Western Balkan countries.

Contradicting the above findings, Turhani and Doda (2016), show that GDP has an insignificant impact on deposits in Albania. Instead, as Pitonakova (2016) found in Slovakia gross disposable income have the impact of boosting household deposit. In a similar vein, Nahidul Islam et al. (2019) found that GDP growth rate and inflation do not have any significant impact on the banks deposit growth rate in Bangladesh. Rather they found evidence that growth in broad money supply has significant positive impact on the banks deposit growth. In a more recent study from Nigeria, Femi et al. (2021) also found that economic growth has positive but insignificant impact, while money supply has negative but significant effect on deposit growth.

The impact of interest rates have been varying. Pitonakova (2016) and Ferrouhi (2017) show that deposit growth in Slovakia and Morocco are positively correlated with interest rate on deposits and with unemployment rate. Gunasekara and Kumari (2015) found a significant and positive relationship between deposit mobilization and deposit interest rate offered by banks. Morina and Osman (2019) also found money supply and interest rate to have a positive impact on growth of deposit. Study in Ghana by Boadi and Lartey (2019) revealed that the interest rate and GDP growth jointly accounted for about 78 per cent of the variation in the level of bank savings deposits. They, however, found a negative relationship between real savings rate and the real Treasury bill rate expected in a high inflationary environment. But Ambe (2017) found that interest rate do not have positive impact. Also, Tenaye (2019) found that deposit interest rate and net interest margin had negative and statistically significant influence on deposit growth. In Europe, deposit growth rebounded despite interest rates being close to zero or at negative level (Schildbach, 2016). Earlier, Finger and Hesse's (2009) too found interest margin having similar impacts.

Demiralp et al. (2017) observed that with introduction of negative interest rates in Europe, banks reduced their reliance on wholesale funding while emphasizing on retail deposits as source of funds. Chiu and Hill (2018) note that while retail deposits are rate inelastic, it varies with type of banks. Also, as Ben-David et al. (2017) bank deposit rates are correlated with loan growth. These could be the reasons why Nahidul Islam et al. (2019) did not discern much impact of deposit interest rate of banks on their growth of deposit.

Bank specific factors may also influence deposit growth which however might be lower as Femi et al. (2021) found financial intermediation ratio to have a positive but insignificant impact. Credit growth of banks has been reported to influence their deposit growth in the United States (Genay, 2000). Finger and Hesse's (2009) study in Lebanon identified perceived riskiness of banks, their liquidity buffers, and loan exposure, as

bearing a significant influence on the demand for deposits. Bank size has been found to be positively correlated with deposit growth in Morocco (Ferrouhi, 2017). Unvan and Yakubu (2020) found that bank size, profitability and liquidity are significant determinants of bank deposit.

Tenaye (2019) found that loan to deposit ratio had negative and insignificant impact on bank deposit growth, while Nahidul Islam et al. (2019) found that total deposit of a bank has strongly negative impact on the deposit mobilization while loan to deposit ratio had no significant impact. Unvan and Yakubu (2020) further reveal that an increase in banks' capital adequacy level does not essentially translate into deposit. Thao and Thanh's (2021) study in Vietnam, however, suggests that bank size and bad loan have an insignificant effect on bank deposits.

The impact of branch expansion was found to be positive on growth of bank deposits in Ethiopia (Ambe, 2017; Tenaye, 2019). Gunasekara and Kumari (2015) found a significant and positive relationship between deposit mobilization and branch expansion, services, technology and awareness. They also report significant relationship between geographic area and the amount of deposits and that demographic variables, such as, gender, occupation, education level and income significantly affect deposit mobilization. An FDIC report of 2018 reported a strong correlation in the decline in deposit growth rate coinciding with a decrease in bank branches in United States. Azolibe (2019) also found that number of bank branches has positive and significant relationship with deposit mobilization. According to Yakubu and Abokor (2020) in the short run, only branch expansion is relevant for bank deposit mobilization. Besides, growth of deposits of banks also depends on the strength of the geographic market areas in which they operate. Femi et al. (2021) found that bank size and branch network have positive and significant effects on deposit growth and recommend the role of branch network in strengthening the deposit base of banks. Some studies report different effects, such as Nahidul Islam et al. (2019) who found no significant impact of number of branches on bank deposit growth.

Several studies made on Indian banking, as compiled in Roy (2003), have also researched and reported deposit mobilization in the country. The earliest ones made in mid-seventies to mid-eighties studied the influences of external determinants such as national income, individual income, rate of interest, inflationary expectations etc. Most of these revealed the positive and important role played by increase in bank branches for deposit mobilization. Some studies found the impact of regional income and branch intensity to be strong drivers of deposit mobilization in regional markets. More recently, Behera and Raut (2019) point out to a secular process of disintermediation in Indian economy with small savings and mutual funds having a substitution effect over bank deposits. Growth in stock market has been found to have a strong bearing on growth of deposits.

In a recent article Mitra and Chattopadhyay (2020) have discussed that one of the major reason impeding quick and adequate transmission of monetary policy in India is that banks are slow in adjusting their deposit interest rates. They found that in response to a cumulative reduction in the policy repo rate between February and September of 2019, the decline in the weighted average domestic term deposit rate on outstanding deposits of banks was muted till with the largest decline observed in the case of foreign banks, followed by private sector banks and public sector banks. They attribute this ordering to banks having substantial term deposits, of which a significant portion have a

long maturity profile with fixed interest rates. RBI allows banks to charge their own penalty fee for pre-mature withdrawal by customers from fixed deposit accounts, which enables banks to lock-in their deposit customers. Therefore, banks may find it beneficial to lock in their existing deposit customers to long term products, thereby ensuring stability of deposits.

3. Data and Methodology

In order to study the portfolio features as determinant of deposit growth, the following methodology was adopted. First, the research variables related to deposit profiles of banks were identified from the available literature, which are described in Table 1. The variables *grth_dep*, *grth_sav*, *grth_dem* and *grth_trm* measures the annual growth rate of total deposit and various types of deposit products i.e. savings, demand and term deposits. These are the main dependent variables under study.

The variable *log_brch* is a measure of the size of branch network of the bank, which is expected to have a significant positive influence on the growth rate of deposits. The composition of metro and urban branched, or *perc_um*, is expected to have varying influence on the growth rates of different types of deposits. The size of total deposit, or *log_dep*, is measured as log of the amount outstanding in total deposit, while the sizes of deposit products such as demand, savings or term deposits are measured using the variables *log_dep*, *log_dem*, *log_sav* and *log_trm*. The maturity of deposit portfolio is denoted through the variable *day_matr*. This variable provides a reflection of the business model of the bank and its influence on deposit growth. Another variable *st_gap*, represents the asset-liability gap in the short term maturity spectrum. The variable *cost_dep* measures the interest cost expended on total deposit. The last variable *grth_crd* is a measure of lending propensity of a bank.

Second, a sample of banks was drawn covering thirty eight scheduled commercial banks in India from both public and private sector, as listed in Table 2. Third, data for these banks was obtained from their annual reports and from RBI's Statistical Tables Relating to Banks in India for the years 2009-10 to 2018-19. Fourth, independent sample T test conducted to find whether the growth rates of deposits significantly differed between the bank types. Fifth, causal relationships between the dependent and the independent variables were examined through the random effects (RE) and the fixed effect (FE) regressions. The FE model used dummies of various bank types (public sector, private sector – new, private sector – old and sbi group) to account for their specific features that were likely to remain constant over the period. Hausman Test for difference between the parameters of the RE and FE models was used to select the appropriate model for the various dependent variables, and the same have been reported. Test for multi-collinearity was done using variance inflation factor (VIF) and accordingly the dependent variables having low values (less than 3) were entered together into the models.

4. Results and discussion

Table 2 also provides the data of average growth rates of various types of deposits in various banks. Mean values of data on several other parameters are provided in the Table 3a and 3b for the four broad types of banks in the sample.

Growth rates of deposits are the highest in the new generation private banks, both for total as well as the individual types of deposits. These banks have a higher composition of branches located in urban and metro areas compared to the other type of banks. They are also characterized by their deposits being lowest in composition as part of their total liabilities compared to the other banks. However, these banks have the highest credit to deposit ratios and are funded heavily from other sources such as borrowings from the inter-bank and capital market.

Within their deposit portfolio, the State Bank group banks has the highest composition of low cost or current and saving deposits, whereas old generation private banks have the lowest. The new private banks have the highest composition of short term deposits, and therefore the lowest maturity of portfolio, followed by the public sector banks. The old private banks and State Bank group banks have lower percentage of short term deposit and hence higher maturity. The former also has the lowest percentage of urban and metro branches. The government owned banks, i.e. the public sector banks and banks in state bank group have a higher asset liability gap in the short term tenor.

Table 4 provides the correlation matrix indicating the association between various model parameters. Growth of total deposit (*grth_dep*) is strongly correlated with the growth of constituent types as well as growth of credit (*grth_crd*). It is however negatively correlated with size of total deposit (*log_dep*) as well as individual deposits (*log_dem*, *log_svg*, *log_trm*). Growth is also negatively associated with maturity of deposit portfolio and size of branch network of the bank. There is however a positive association with the composition of urban and metro branches and cost of deposit. Similar correlations are found for growth rates of the individual types of deposits.

Table 5 provides the results of Hausman Test for difference between the parameters of the RE and FE models for the various dependent variables. The tests indicate that the null hypotheses of RE model being appropriate can be rejected for *grth_dmd*, *grth_sav* and *grth_trm* but not for *grth_dep*. Accordingly, the results of the RE model is presented for growth of total deposit, while the FE models are presented for the others.

The models in Table 6 indicate to bank and portfolio specific factors that may explain the growth of total, demand, savings and term deposit. The RE model points out that growth of total deposit in banks is dependent on growth of the constituents, i.e. demand, savings and term deposit. Amongst these, the influence of growth of term deposit (*grth_trm*) is much higher than others, who may have a similar quantum of effect. This may be due to the dominating impact of term deposit which forms the biggest component in the deposit portfolio of banks.

Other significant factors that influence growth of total deposit are related to the size, maturity and asset-liability gap of the portfolio. Size or amount of deposit (*log_dep*) plays a significant and positive impact on growth. The size effect of demand deposit (*log_dem*) and term deposit (*log_trm*) is also found to be positive in the FE models for growth of demand (*grth_dem*) and term deposits (*grth_trm*). Clearly, there is the effect of franchise value and bank's entrenchment in the customer segments of various deposit

products that is seen in the scale induced deposit growth. Banks have strategies for increasing the switching cost for existing customers, who therefore tend to be sticky and may be willing to do more business through their primary deposit account. However, the size effect of saving deposit (\log_sav) is negative for growth of such deposit ($grth_sav$).

Maturity of deposit portfolio (day_matr) is found to have a negative impact on growth of total deposits. Short term deposits have nearer contractual maturity for repricing when customers having the opportunity to withdraw and shift their funds from the account of a bank. These deposits are more volatile. According to the Basic Statistical Returns on Scheduled Commercial Banks published by the RBI, private banks had more than 25% of deposits with less than 1 year maturity, while public sector banks had around 14% of such deposits. Banks that have higher composition of such deposits have comparatively shorter maturity of deposit portfolio and may face greater churn in their deposit portfolio due to repricing events within a year. In order to ensure roll over of deposits, these banks may have developed close relationships with their customers on several intangibles, such as variety and quality of customer service, which induces customer inertia and stickiness. Banks also offer product alternatives such as flexi deposits, commonly called as sweep-out deposit, to retain the deposit within their portfolio of products, albeit by incurring higher interest cost. In comparison, banks that have a longer maturity of deposit portfolio due to higher composition of long term deposits are likely to have less pressure for retention. Therefore, they may be less proactive on product innovation and service improvement leading to lower growth.

Asset liability gap in the short term or less than 1 year tenor (st_gap) has a positive bearing on the growth of deposits. A positive gap indicates to shortage of short term deposit compared to the amount of assets and loans of similar maturity, signifying banks' urgency to meet the asset-liability mismatch risk, and more particularly liquidity risk, in such period. The quest for short term deposit therefore drives banks towards seeking deposit growth.

The regression coefficient of cost of deposit ($cost_dep$) is indicates to a negative impact on growth of total deposits. This indicates that banks that are able to have lower cost of deposits, such as by having a higher composition of demand and saving deposits, are able to achieve higher deposit growth. Therefore, though deposit growth may be significantly influenced by growth of term deposits, banks that have higher composition of low cost deposit still bears some impact on growth, which may be due to the bank's franchise value in deposit markets

Credit growth ($grth_crd$) seem to be positively effecting growth of total deposit by increasing the demand for funding and resources for lending. However, growth of bank credit has effect on growth of demand and term deposits but not on savings deposits. This indicates that banks having higher willingness and appetite to lend, face a greater demand for deposits. As deposit for purpose of lending must be met on a just in time manner, banks may acquire the same by competing on interest rate and, therefore, targeting term deposit, which seems to be the more immediate strategy indicated by the higher T value of the coefficient. Also, the positive impact of credit growth on growth of demand deposit may indicate the propensity of commercial banking business to generate deposit for lending. On the other hand, the supply of saving deposit sourced from households being more transactional and secular in nature, is non-significant and not affected by growth of credit.

An interesting finding from the FE models is that growth of demand (grth_dem) and saving (grth_svg) deposits are reciprocally dependent on each other. These results indicate to a nuanced relationship between the two types of deposits. Both these are essentially transaction deposits, which though acquired from different customer segments, may have certain common features, such as indeterminate maturity, providing checking facility, etc., and hence determinants of growth could be related. Attractiveness of a bank for such deposits is mainly due to their facility infrastructure, transaction capacity and service quality. Banks may have common organizational resources and activities for these product lines, and hence, service developments in one type of deposit may also lead to improvements in the other.

The impact of size of branch network (log_brch) on the growth of total deposit turns out to be non-significant. This may be because of shift in customer behavior and competitive strategies of banks in regards of dependence on branch network for deposits. Banks, particularly the new generation private ones, have introduced strategies such as opening salary accounts for employees of companies and institutions. On the other hand, development of transaction banking technologies and payment systems have enabled banks to provide services through internet and mobile. These strategies may have rendered deposit mobilization to become relatively location free. Hence, banks with lesser number of branches, i.e. having lower log_brch values, may have a lower share of local customers may be still able to garner higher amount of deposits. However, we find that the impact is negative and significant for demand and term deposit. But for saving deposit, branches still continue to impact positively for their growth.

Furthermore, in urban and metro areas, while banking markets have not only become overbanked and competitive, business customers may have higher adoption and usage of banking technologies, which may reduce their branch's service requirements. Therefore, the impact of urban and metro branches (perc_um) is found to be negative for growth of demand deposit. However, the impact of urban and metro branches on saving deposit growth is positive and significant.

Overall, the model points out that there are significant bank and portfolio specific effects that may influence the growth rate of their deposits. However, the impacts are not similar for all types of deposits. They are stronger for term deposits indicated by a higher level of Adj R² of the models and weaker for the demand and saving deposits. Together, however, the bank specific effects have a very strong impact on growth of total deposits.

5. Conclusion

Deposit growth in banks is primarily influenced by macro-economic environment factors. However, despite facing similar business conditions, some banks are able to achieve higher and sustained growth of deposits than others. This indicates the importance of bank specific factors for deposit growth. This paper on Indian banks finds six factors to be influencing the growth rate of deposits. First, the size of saving deposit in banks imposes a lowering effect on growth of most types of deposits. Second, the impact of maturity of deposit portfolio is significant, as banks that depend on short term deposits are able to achieve higher growth. In contrast, banks that have a higher base of long term deposits have lesser growth rate. Third, growth rates of demand and saving deposits are reciprocally dependent on each other. Being transaction deposits they may share the same causal factors, such as franchise value in local markets or improvements in service quality, leading to their growth. Fourth, the influence of size of branch network

seems to be waning for growth of both savings as well as demand deposit, with higher number of branches in urban and metro centers having a negative effect on growth of demand deposit. Fifth, the impact of cost of deposit is significant and having a lowering effect on growth of deposit. Sixth, growth of credit emerges as a significant determinant of demand for and hence the growth of demand and term deposit but not for savings deposit.

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Table 1: Description of research variables

<i>No</i>	<i>Variable</i>	<i>Description</i>
1	grth_dep	Growth rate of total deposit, in percentage
2	grth_dem	Growth rate of demand deposit, in percentage
3	grth_sav	Growth rate of savings deposit, in percentage
4	grth_trm	Growth rate of term deposit, in percentage
5	log_brch	Logarithm of number of branches
6	perc_um	Metro and urban branches as percentage of total branches
7	log_dep	Logarithm of amount of total deposit
8	log_dem	Logarithm of amount of demand deposit
9	log_sav	Logarithm of amount of saving deposit
10	log_trm	Logarithm of amount of term deposit
11	perc_dep	Composition of the deposit product as percent total deposit
12	day_matr	Maturity of deposit portfolio, in days
13	st_gap	Asset liability gap in 1 year maturity bucket
14	cost_dep	Cost of deposit
15	grth_crd	Growth rate of bank credit

Table 2: List of banks and their average deposit growth per annum during the study period

<i>S. No</i>	<i>Bank</i>	<i>Type</i>	<i>Demand</i>	<i>Savings</i>	<i>Term</i>
1	Axis Bank Limited	New Private	14.30	19.77	17.30
2	DCB Bank Limited	New Private	11.01	20.68	21.53
3	HDFC Bank Ltd.	New Private	17.94	22.00	21.33
4	ICICI Bank Limited	New Private	16.64	18.84	8.58
5	IDBI Bank Limited	New Private	14.41	28.37	4.47
6	Indusind Bank Ltd	New Private	26.68	46.03	20.33
7	Kotak Mahindra Bank Ltd	New Private	29.19	48.39	28.00
8	RBL Bank Limited	New Private	41.33	46.53	52.89
9	Yes Bank Ltd.	New Private	40.14	81.27	28.09
10	Catholic Syrian Bank Ltd	Old Private	8.19	10.51	9.43
11	City Union Bank Limited	Old Private	17.38	22.59	16.09
12	Federal Bank Ltd	Old Private	19.99	18.46	14.39
13	Jammu & Kashmir Bank Ltd	Old Private	9.79	15.96	8.60
14	Karnataka Bank Ltd	Old Private	13.65	18.33	11.74
15	KarurVysya Bank Ltd	Old Private	15.10	21.25	14.16

<i>S. No</i>	<i>Bank</i>	<i>Type</i>	<i>Demand</i>	<i>Savings</i>	<i>Term</i>
16	Lakshmi Vilas Bank Ltd	Old Private	16.69	22.77	14.27
17	South Indian Bank Ltd	Old Private	15.25	16.76	16.41
18	Tamilnad Mercantile Bank Ltd	Old Private	12.10	17.93	13.87
19	Allahabad Bank	Public	6.78	15.43	7.75
20	Andhra Bank	Public	8.18	16.04	14.32
21	Bank Of Baroda	Public	14.59	15.55	12.74
22	Bank Of India	Public	8.52	15.66	10.14
23	Bank Of Maharashtra	Public	10.82	15.57	8.63
24	Canara Bank	Public	7.09	13.86	12.95
25	Central Bank Of India	Public	6.28	13.86	6.63
26	Corporation Bank	Public	3.20	15.75	10.75
27	Dena Bank	Public	5.57	13.09	8.66
28	Indian Bank	Public	10.02	15.01	12.71
29	Indian Overseas Bank	Public	6.55	12.45	8.11
30	Oriental Bank Of Commerce	Public	7.87	13.49	8.49
31	Punjab And Sind Bank	Public	10.01	11.30	12.38
32	Punjab National Bank	Public	9.47	14.62	12.24
33	Syndicate Bank	Public	1.18	13.31	8.24
34	UCO Bank	Public	32.87	13.63	4.66
35	Union Bank Of India	Public	8.68	16.03	10.82
36	United Bank Of India	Public	8.75	14.53	7.27
37	Vijaya Bank	Public	8.51	14.94	12.79
38	State Bank Of India	SBI	7.20	18.95	14.41

Table 3a: Features of deposit portfolios of different bank types

<i>Bank type</i>	<i>Number of banks in sample</i>	<i>Total deposit growth (%)</i>	<i>Demand deposit growth (%)</i>	<i>Saving deposit growth (%)</i>	<i>Term deposit growth (%)</i>	<i>Urban and Metro branches (%)</i>
New Private Banks	9	23.87	23.51	36.88	22.50	60.74
Old Private Banks	9	14.07	14.24	18.28	13.22	45.00
Public Sector Banks	19	10.90	9.21	14.43	10.02	46.34
State Bank Group	1	14.83	7.20	18.95	14.41	39.50

Table 3b: Features of deposit portfolios of different bank types

<i>Bank type</i>	<i>Credit to Deposit ratio (%)</i>	<i>Deposit to Total liabilities (%)</i>	<i>Low cost deposit (%)</i>	<i>Short term deposit to Total deposit (%)</i>	<i>A-L gap in less than 1 year tenor (%)</i>	<i>Average maturity of deposit (days)</i>
New Private Banks	85.95	69.68	34.59	54.04	-6.31	575.60
Old Private Banks	72.27	86.99	25.37	37.41	0.74	750.38
Public Sector Banks	70.60	86.17	31.30	51.31	-19.77	651.29
State Bank Group	80.69	76.88	44.68	38.34	-12.13	859.05

Table 4: Correlation between the variables

	grth_dep	grth_dem	grth_svg	grth_trm	log_dep	log_dem	log_svg	log_trm	day_matr	st_gap	log_brch	perc_um	cost_dep	grth_cred
grth_dep	1	.452**	.447**	.960**	-.292**	-.165**	-.373**	-.285**	-.362**	.072	-.378**	.335**	.126*	.760**
grth_dem	.452**	1	.361**	.284**	-.165**	-.037	-.211**	-.173**	-.163**	.043	-.227**	.187**	.011	.333**
grth_svg	.447**	.361**	1	.281**	-.185**	-.054	-.285**	-.179**	-.324**	.036	-.335**	.415**	.124*	.319**
grth_trm	.960**	.284**	.281**	1	-.271**	-.177**	-.347**	-.257**	-.328**	.046	-.335**	.268**	.143**	.740**
log_dep	-.292**	-.165**	-.185**	-.271**	1	.939**	.970**	.994**	.223**	-.169**	.951**	-.265**	-.494**	-.248**
log_dem	-.165**	-.037	-.054	-.177**	.939**	1	.908**	.914**	.163**	-.080	.837**	-.074	-.550**	-.135**
log_svg	-.373**	-.211**	-.285**	-.347**	.970**	.908**	1	.947**	.310**	-.125*	.962**	-.336**	-.558**	-.309**
log_trm	-.285**	-.173**	-.179**	-.257**	.994**	.914**	.947**	1	.193**	-.202**	.945**	-.267**	-.444**	-.244**
day_matr	-.362**	-.163**	-.324**	-.328**	.223**	.163**	.310**	.193**	1	.486**	.305**	-.385**	-.189**	-.261**
st_gap	.072	.043	.036	.046	-.169**	-.080	-.125*	-.202**	.486**	1	-.184**	-.105*	-.010	.118*
log_brch	-.378**	-.227**	-.335**	-.335**	.951**	.837**	.962**	.945**	.305**	-.184**	1	-.421**	-.473**	-.318**
perc_um	.335**	.187**	.415**	.268**	-.265**	-.074	-.336**	-.267**	-.385**	-.105*	-.421**	1	.119*	.294**
cost_dep	.126*	.011	.124*	.143**	-.494**	-.550**	-.558**	-.444**	-.189**	-.010	-.473**	.119*	1	.083
grth_cred	.760**	.333**	.319**	.740**	-.248**	-.135**	-.309**	-.244**	-.261**	.118*	-.318**	.294**	.083	1

*p<0.1; **p<0.05; ***p<0.01

Table 5: Results of Hausman Test

<i>grth_dep</i>		<i>grth_dmd</i>		<i>grth_sav</i>		<i>grth_trm</i>	
Chi2	Sig.	Chi2	Sig.	Chi2	Sig.	Chi2	Sig.
4.42	0.729	47.66	0.000	44.32	0.000	73.08	0.000

Table 6: Results of regression models for deposit growth

	<i>grth_dep (RE)</i>		<i>grth_dem (FE)</i>		<i>grth_sav (FE)</i>		<i>grth_trm (FE)</i>	
	<i>Coefficient</i>	<i>T value</i>	<i>Coefficient</i>	<i>T value</i>	<i>Coefficient</i>	<i>T value</i>	<i>Coefficient</i>	<i>T value</i>
intercept	-3.807	-1.11	182.73	-0.08	-35.912	-0.77	76.572*	2.38
grth_dem	0.088***	16.65			0.109***	-1.03	0.161	0.57
grth_svg	0.099***	14.93	0.210***	2.70			-0.059	-1.35
grth_trm	0.692***	70.66	-0.024	-0.25	-0.068	-1.03		
log_dep	25.133***	3.35						
log_dem			98.397***	7.64				
log_svg					-26.956**	-2.58		
log_trm							23.337***	3.44
day_matr	-0.002***	-2.11						
st_gap	0.024***	2.73						
log_brch	2.164**	1.98	-	-	45.646*	2.02	53.524***	-4.36
perc_um	0.033**	2.28	-1.426***	-3.63	0.773***	2.84	-0.271	-1.30
cost_dep	-0.300**	-2.40	-0.338	-0.24	-0.655	-0.64	0.248	0.31
grth_crd	0.023**	2.06	0.268***	2.73	-0.061	-0.89	0.631***	14.41
Adj R ² /Wald chi ² #	0.977		0.233		0.149		0.512	
F	14791.21		11.29		6.49		38.94	
Sig	0.000		0.000		0.000		0.000	
*p<0.1; **p<0.05; ***p<0.01								