

Impact of the Residential Area of Banking Customers on Deposit Mobilization Decisions in Sri Lanka

K D Helani Gunasekara¹

Deposit mobilization is the main function of financial institutions, and is dominated by the banks. It is a process of collecting cash by financial institutes from the general public through their current, savings and fixed accounts and other specialized schemes. The said process is executed and formulated by the banking customers. Even though, there were many empirical studies about the factors affecting deposit mobilization, less consideration has been paid to determine how the residential area of the banking customers affect deposit mobilization decisions. These customers can be categorize into three main administrative sectors in Sri Lanka, namely urban, rural and semi-urban. Their perspectives on deposit mobilization decisions could be differed according to their residential area. The study used descriptive statistics, comparison of means and chi-square test to assess the impact of the residential area, on banking customers' deposit mobilization decisions. There were 120 respondents who were selected as the sample, by following stratified random sampling method, while 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 used to obtain primary data. This study was based on five determinants, namely, deposit interest rate, security, branch expansion, services, technology and awareness. According to the mean comparison, both the urban and semi-urban people ranked the branch expansion factor, as the most important factor which decided the deposit mobilization, whereas the rural people ranked services factor as the most important factor. Among demographic variables, gender, occupation, education level and income significantly affected deposit mobilization ($P < 0.05$). H_1 hypothesis of the study has assumed a significant relationship between residential area and deposit mobilization. Hypothesis was tested using chi-square test and it further revealed that, there was a significant relationship between residential area and deposit mobilization ($P < 0.05$). This implicates strong evidence to reject the null hypothesis and accept the H_1 hypothesis. Thus, residence area is a decisive factor which affects the deposit mobilization decisions of banking customers in Sri Lanka.

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¹ Department of Economics, University of Kelaniya
Kdhug1234@gmail.com