

Impact of Schedule Banking Industries in Bangladesh: An Evidence of Rural and Urban Areas

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Abstract

The main objective of this study that the category wise performance of scheduled banking industries operating in Bangladesh. To test the trend of deposits and advances in scheduled banks for rural and urban areas. The present study is diagnostic and exploratory in nature and makes use of secondary data. The relevant data and information are collected from the Central Bank of Bangladesh. The study is confined only to the specific areas like Banks Deposits, Banks Advances and Interest Rate. Linear regression analysis was applied to detect the presence of trends. A paired t-test was used to compare performance of the scheduled banks. Linear regression analysis result is the significant improvement in the contribution of overall deposits and advances (rural & urban area) of scheduled banks in Bangladesh are witnessed over the period of study in terms of the growth of deposits and advances. A paired t-test result the significantly difference of the paired of scheduled banks. The private banking industries is more reliable performance among the other scheduled banking in Bangladesh Finally, outcomes are interpreted in this framework and suggestion that contribution management of scheduled banks deposits and advances in Bangladesh has significantly enhanced with the rural and urban area which has been commenced by the Government of Bangladesh.

Keywords: Deposits, Advances, ANOVA, Simple Regression Analysis and Scheduled Banks.

1. Introduction

In a developing country like Bangladesh the banking Industry as a whole plays an important role in the economic development of a country specially for Bangladesh, a sound and efficient banking system is one of the most important precondition to achieve economic development (Iqbal, M.J 2012). Dramatic advances of Information and Communication Technology (ICT), changing mix and personal values of the workforce, emergence of the knowledge economy and increasing global competition have created enormous challenges on organizations [1]. Bangladesh, home to a huge population of 14.23 crore [2], cannot escape the fact of severity of poverty. The decline of poverty in Bangladesh and large attributable to the relentless engagement in poverty reduction interventions. The global economic downturn during 2007-2009 had some degree of negative impact on Bangladesh economy. The economy had experienced modest fall of GDP growth during the period. The GDP grew at a rate of 6.19 percent in FY2007-08 and 5.74 percent in FY2008-09 [3]. The last three decades, the economic theory of banking has entered a process of change that has overturned economists' traditional vision of the banking sector [4]. A banking industry as a matter of fact is just like a heart in the economic structure and the Capital provided by it is like blood in it. As long as blood is in circulation the organs will remain sound and healthy. If the blood is not supplied to any organ then that part would become useless. So if the finance is not provided to agriculture sector or industrial sector, it will be destroyed [5].

Although over all that, there are forty-seven commercial banks operating in Bangladesh the small economy. The country achieved noticeable success regarding the access to banking services, in 1972 population per branch was 57,700 and in the year of 2010, it was 20,162 per branch. The statistics indicates that getting banking services is not a significant problem for the country. Banking Industries plays a very important role of the national, regional, and global economy life [6]. Loan facility provided by banks works as an incentive to the producer to increase the production. (<http://www.blurtit.com/q197532.html>). Modern trade and commerce would almost be impossible without the availability of suitable banking services. First of all, banking promotes savings. All manner of people, from the ordinary laborers and workers to the rich land owners and businessmen, can keep their money safely in banks and saving centers [7]. Secondly, banking promotes investments. Banks easily invest the money they get in industry, agriculture and trade. They either invest it directly or advance loans to other investors. Thirdly, it is most through banks that foreign trade is carried on. Whether we export or import, it is through banks that money is transferred from one country to another. A number of recent studies, however, indicate that the banking sector plays a more important role than it was believed earlier. The services, in terms of catering banking facilities to quality clients, have of late deteriorated, especially in state-owned banks. On the other hand, exorbitant fees are being charged in private banks, to the detriment of fixed income groups.

Deposit is a broader term and includes loans and advances also within its ambit. An advance given for a particular purpose cannot be treated as deposits. A mere monetary advance given without any purpose but intended to be refunded, with or without interest, would still be a deposit. Deposit has been defined separately for banking and non-banking companies in the Bangladesh Bank directions. Banks accept deposits offer lower rate of interest repayable on demand like a current account while on the other hand, a non banking financial company accepts deposits repayable after a fixed term and attract a larger investor base on the lure of high rates of interest. Acceptance of deposits by non-banking financial companies may amount to eroding the distinction between banks and non-banking companies. Banking companies are tightly regulated and supervised by BB, in accordance with international solvency guidelines and for the non banking companies, BB issues various guidelines from time to time. As greed overtakes caution, time and again, investors put in money into transactions which are in fact deposits, but structured to avoid deposit regulations. Regulation on Acceptance of Deposits is an important, and indeed, a very touchy part of Bangladesh Banking laws. However, banks around the world are found to have managed their earnings [6]. In the present study Bangladesh Bank has been collecting, compiling and publishing statistics on scheduled banks. The statistics contained in this issue have been prepared from the returns submitted by the individual bank branches of scheduled banks as on the last day of the quarter ending 31st December 2011 [8]. For useful presentation of data, banks have been classified into several groups viz. "All Banks", "State owned Banks", "Specialised Banks", "Foreign Banks", and "Private Banks".

2. Review of Literature

There are only a few competence studies using the schedules banks in Bangladesh. Using both input and output oriented models of urban and urban banking industry in Bangladesh, the analysis of post liberalization efficiency. A study of 139 banks in Turkey uses urban and urban banking industry in order to determine the efficiency frontier to compare the relative efficiencies of these banks. This study finds technical inefficiency in Turkish banks higher than allocative inefficiency, which suggests that Turkish banks are good at selecting the cost efficient mix of inputs but are inefficient to utilize them resulting into waste of inputs. The results shows that relationship the between financial ratios and efficiency measures depict a strong association between them. Other findings are: the private banks are less technically efficient than public banks, also multinational and domestic banks have almost same efficiency scores [9].

Jacob A. Bikker and Katharina Haaf suggested that the relationship for the impact of the market structure on competition is derived and tested empirically, providing support for the conventional view that concentration impairs competitiveness [10]. Ben Naceur and Goaid [11] examine the impact of bank characteristics, financial structure, and macroeconomic conditions on Tunisian banks' net-interest margin and profitability during the period of 1980 to 2000. The researchers suggest that the stock market development has positive impact on banks' profitability. The empirical findings suggest that private banks are relatively more profitable than their state owned counterparts and macroeconomic conditions have no significant impact on Tunisian banks' profitability. Dermiguc Kunt and Huizinga [12] examined that the evidence of the impact of financial development and structure on bank profitability using bank level data for a large number of developed and developing countries over the 1990-1997 period. The researcher found that financial development has a very important impact on bank performance.

Kosmidou [13] observed the determinants of performance of Greek commercial banks during the period 1990-2002 and found that profitability was positively associated with well capitalized banks and the researcher also suggests that the growth of gross domestic product (GDP) is positively related to bank profitability, while inflation rate is negatively related to bank profitability during the period under study. Heffernan and Fu [14] examine the performance of different types of Chinese banks during the period 1999 and 2006. The results suggest economic value added and the net interest margin do better than the more conventional measures of profitability. Some macroeconomic variables are significant with the expected signs and the type of bank is influential. Guru et al. [15] investigate the determinants of bank profitability in Malaysia and the researchers used a sample of 17 commercial banks during the 1986 to 1995 period. The profitability determinants were divided into two main categories, namely the internal determinants (liquidity, capital adequacy, and expenses management) and the external determinants (ownership, firm size, and economic conditions). The findings revealed that efficient expenses management was one of the most significant in explaining high bank profitability. Among the macro indicators, high interest ratio was associated with low bank profitability and inflation was found to have a positive effect on bank performance. Developing Economies like ours need to be prepared and adapted to the changing global conditions and the norms for matching our economy with that of developed ones [5]. Sufian, F [16] shows that suggest that economic growth has positive and significant impact, while inflation has no significant impact on bank profitability. During the period under study, the empirical findings indicate that private investment is positively related to bank profitability, while private consumption expenditure exhibits negative impact. On the other study reported that the private commercial

banks in the developing economy of Bangladesh, together with the perceptions of a range of stakeholders' with respect to such disclosures and the managements of Bangladeshi commercial banks are not currently enthusiastic about the necessity for such voluntary disclosure activity [17]. Chavan and Pallavi [18] have examined the growth and regional distribution of rural banking over the period 1975-2002. Chavan's demonstrated that the gains made by historical underprivileged region of east, northeast and central part of India during the period of social and development banking. Niazi [19] showed that the foreign banks to be more efficient in resource utilization and identifies allocative inefficiency as a major cause of cost inefficiency for domestic banks. [20] observed that banking industry of Bangladesh is a mixed one comprising nationalized, specialized, private and foreign commercial banks. Mahmud [21] observed that the rural poor generally have low income to sustain their livelihood. Chowdhury and Islam [22] showed that deposits and loan and advances of Specialized Banks (SBs) are more sensitive to interest rate changes than those of Nationalized Commercial Banks (NCBs). If NCBs change their lending rate or deposit rates, their deposits and loan and advances will be affected less than those of SBs. However, SBs offer higher deposit rate and charge higher lending rates than NCBs. Another study of 37 Pakistani commercial banks for the years 2001-2004 suggests that their assets and interest earnings to improve efficiency; and cut down their non-interest expenses and liabilities to have a positive impact on efficiency and the merger activity of commercial banks rather the banks should focus to enhance their efficiency to increase their profits [23]. Generally, banking efficiency has improved since 2000 and the foreign banks are more efficient than local private and state owned banks. Banking sector in Pakistan has witnessed technological and total factor productivity growths during 1995 to 2005 [24]. Khankhoje and Sathye [25] have analyzed to measure the variation in the performance in terms of productive efficiency of RRBs in India and productivity of conventional banks in Pakistan indicates no improvement in productivity and efficiency [26].

3. Objectives of the Study

To test the presence of trend for deposits & advances of the contribution in rural and urban areas of Scheduled Banking industries in Bangladesh. And also to examine the contribution variation in the inter scheduled bank of deposits and advances and to develop better understanding about the Scheduled banking industries in Bangladesh.

4. Methodology

The present study is diagnostic and exploratory in nature and makes use of secondary data. The relevant data and information are collected from Bangladesh Bank (Banking Statistics). The study is confined only to the specific areas like Banks Deposits, Banks Advances, Interest Rate, Deposits & Advances mobilized, made by Scheduled Banks of Bangladesh at the end of quarter period starting from 2010 (Oct –Dec) to 2011 (Oct – Dec). For comparing the contribution, these data has been analyzed through the various statistical measures like growth percentage, descriptive statistics, paired t-test was used to compare performance between bank groups, linear regression analysis was applied to detect the presence of trends of overall deposits and advances in rural and urban area among the study period through Stata 11.

5. Result and Discussion

5.1 Overall Deposits & Advances of Scheduled Banks in Rural and Urban area

The deposit liabilities (excluding interbank items) of the scheduled banks increased by Tk.24962.28 crores or 5.94% to Tk. 445193.68 crores during the quarter October-December'2011 as compared to increases of Tk. 8645.85 crores or 2.10% and Tk. 19944.34 crores or 5.72% in the previous quarter (July-September'2011) and the corresponding quarter (October-December, 2010) of the last year respectively. The increase in deposits during the quarter was due to increases in urban deposits by Tk. 21047.14 crores or 5.78% to Tk. 385468.51 crores and in rural deposits by Tk. 3915.14 crores or 7.02% to Tk. 59725.17 crores. The share of urban deposits to total deposits at the end of the quarter October- December, 2011 was 86.58% as compared to 86.72% at the end of the preceding quarter (July- September, 2011) and 86.82% at the end of the corresponding quarter (October-December, 2010) of the last year. Bank deposits registered an increase of Tk. 76273.70 crores or 20.67% from end December, 2010 to end December, 2011 as compared to an increase of Tk. 64643.20 crores or 21.24% from end December, 2009 to end December, 2010.

Table 1. Overall deposits and advances of scheduled banks in Bangladesh (Taka in Crores)

At the end of quarter	Deposits		Advances		Weighted Average Interest Rate on Deposits	Weighted Average Interest Rate on Deposits
	Urban	Rural	Urban	Rural		
2010	320287.19	48632.79	272673.96	23207.22	6.07	11.19
Oct -Dec	5.55%	6.80%	9.52%	7.96%		
2011	336581.15	49917.49	284672.93	23690.07	6.80	11.94
Jan - Mar	5.09%	2.64%	4.40%	2.08%		
2011	357985.00	53600.55	295835.52	25449.35	7.25	12.37
Apr - Jun	6.36%	7.38%	3.92%	7.43%		
2011	364421.37	55810.03	303327.71	25709.77	7.41	12.70
Jul -Sep	1.80%	4.12%	2.53%	1.02%		
2011	385468.51	59725.17	323415.58	27106.86	7.52	12.99
Oct - Dec	5.78%	7.02%	6.62%	5.43%		

For overall urban and rural deposits of Scheduled Banks in Bangladesh are maximum terms at the end of quarter period October-December'2011. Figure 1 shows that the overall the banking industries of deposits of urban and rural areas in Bangladesh are positively growth over period. Banks' advances increased by Tk. 21484.96 crores or 6.53% to Tk. 350522.44 crores during the quarter October-December'2011 as compared to increases of Tk. 7752.61 crores or 2.41% and Tk. 25414.59 crores or 9.40% respectively during the preceding quarter (July- September, 2011) and the corresponding quarter (October-December'2010) of the last year. Bank advances in urban areas increased by Tk. 20087.87 crores or 6.62% to Tk. 323415.58 crores and in rural areas increased by Tk. 1397.09 crores or 5.43% to Tk 27106.86 crores during the quarter under review. Bank advances exhibited an increase by Tk. 54641.26 crores or 18.47% from end December 2010 to end December 2011 as compared to an increase of Tk. 62401.68 crores or 26.73% from end December 2009 to end December 2010. For overall urban and rural advances of Scheduled Banks in Bangladesh are maximum terms at the end of quarter period October-December'2011. Significant improvement in the contribution of overall advances (rural and urban) scheduled banks in Bangladesh was witnessed over the period of study in terms of the growth of advances. Weighted average rates of interest on deposits and advances were 7.52% & 12.99% respectively at the end of the quarter under review as compared to 7.41% & 12.70% in July- September, 2011 and 6.07% & 11.19% in October-December, 2010 quarters respectively. Quarterly position of banks deposits and outstanding advances is shown in Table 1.

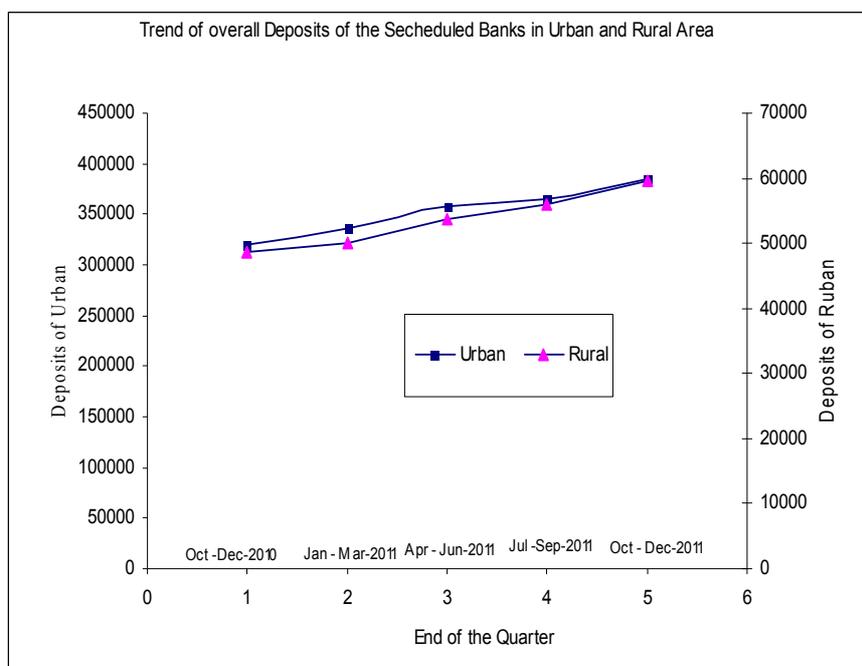


Figure 1. Trend of overall deposits of the Scheduled banks in Urban and Rural Areas

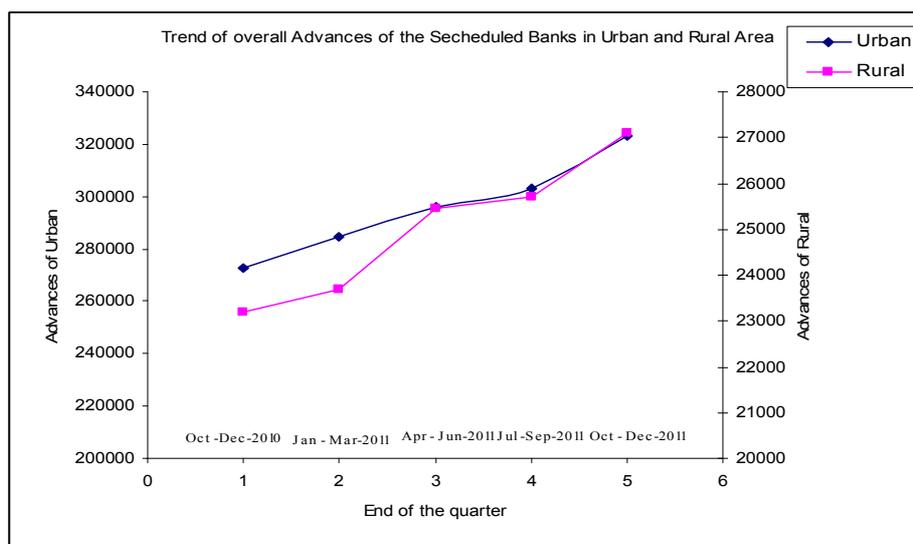


Figure 2. Trend of overall Advances of the Scheduled banks in Urban and Rural Areas

5.2 Deposits and Advances by Category of Schedule Banks in Bangladesh

Table 2 shows that the deposits distribution by category of Schedule Banks in Bangladesh. The increase of Tk. 24962.28 crores or 5.94% in total deposit liabilities during the quarter October-December'2011 over the preceding quarter (July-September' 2011) was shared by increases in Private Banks by Tk. 13522.16 crores or 5.18%, increases in State Owned banks by Tk. 10031.27 crores or 9.01% and increases in Specialised banks by Tk. 923.64 crores or 4.53%, where as in Foreign banks increased by Tk. 485.21 crores or 1.77%.

Table 2. Deposits Distributed by Category of Scheduled Banks (Taka in Crores)

At the end of quarter	State owned Banks	Specialised Banks	Foreign Banks	Private Banks(Including Islamic Banks)	Islamic Banks	All Banks
2010	102657.04	18820.54	23099.85	224342.55	59443.04	368919.98
Oct -Dec	5.58 %	9.23 %	-4.01 %	6.60 %	5.65 %	5.72 %
2011	104444.68	18949.41	26387.39	236717.16	63242.68	386498.64
Jan - Mar	1.74 %	0.68 %	14.23 %	5.52 %	6.39 %	4.76 %
2011	113383.68	20843.51	25190.90	252167.46	68065.08	411585.55
Apr - Jun	8.56 %	10.00 %	-4.53 %	6.53 %	7.63 %	6.49 %
2011	111395.69	20376.41	27374.83	261084.47	70148.67	420231.40
Jul -Sep	-1.75 %	-2.24 %	8.67 %	3.54 %	3.06 %	2.10 %
2011	121426.96	21300.05	27860.04	274606.63	74028.75	445193.68
Oct - Dec	9.01 %	4.53 %	1.77 %	5.18 %	5.53 %	5.94 %

The net accretion in deposits during the quarter under review over the same quarter (October-December, 2010) of the last year amounting to Tk. 76273.70 crores or 20.67% was due to increase in deposits of State Owned banks by Tk. 18769.92 crores or 18.28% in Private banks by 50264.08 crores or 22.41%, in Specialised banks by Tk. 2479.51 crores or 13.17% and in Foreign banks by Tk. 4760.19 crores or 19.78%. Of the total deposits of Tk. 445193.68 crores at the end of the quarter under review, the shares of State Owned banks, Specialised banks, Foreign banks and Private banks were Tk. 121426.96 crores (27.28%), Tk. 21300.05 crores (4.78%), Tk. 27860.04 crores (6.26%) and Tk. 274606.63 crores (61.68%) respectively. Table 3 shows that the Advances distribution by category of banks. The State owned Banks accounted for 21.33% of the total advances at the end of the quarter under review. Advances made by State owned banks increased by 4.00% to Tk.74762.61 crores at the end of the quarter under review as compared to increases of 1.20% and 12.11% at the end of the preceding quarter (July-September '2011) and the corresponding quarter (October- December'2010) of the last year respectively. The share of specialised banks' advances decreased to 6.54% on the 31st December'2011 from 6.80% on the 30th September'2011.

Table 3. Advances Distributed by Category of Scheduled Banks (Taka in Crores)

At the end of quarter	State owned Banks	Specialised Banks	Foreign Banks	Private Banks(Including Islamic Banks)	Islamic Banks	All Banks
2010	64497.26	20564.04	17351.15	193468.73	44274.73	295881.18
Oct -Dec	12.11%	8.66%	6.00%	8.91%	-15.09%	9.40%
2011	67820.33	20961.51	17407.68	202173.48	59499.09	308363.00
Jan - Mar	5.15%	1.93%	0.33%	4.50%	34.39%	4.22%
2011	71033.56	22277.70	19094.58	208879.03	60812.26	321284.87
Apr - Jun	4.74%	6.28%	9.69%	3.32%	2.21%	4.19%
2011	71883.94	22377.99	18969.31	215806.24	63664.54	329037.48
Jul -Sep	1.20%	0.45%	-0.66%	3.32%	4.69%	2.41%
2011	74762.61	22934.95	19550.28	233274.60	68895.23	350522.44
Oct - Dec	4.00%	2.49%	3.06%	8.09%	8.22%	6.53%

5.3 Descriptive Statistics

Table 4 and Table 5 shows the descriptive statistics results demonstrated that the of the scheduled banks with average, standard deviation, 95% confidence interval with average value, maximum and minimum terms of the deposits and advances in study period. Table 4 showed that descriptive statistics for the deposits of the Scheduled Banking Industries in Bangladesh, Average, standard deviation (SD), maximum, minimum and number of observations (on the basis of which the statistics were calculated) are presented. The maximum average number of deposits of the Private Banks (Including Islamic Banks) (PBI) is 249783Taka in Crores \pm 19796 Taka in Crores. Also, the minimum average number of deposits of the Specialised Banks (SB) is 20057.984Taka in Crores \pm 1120.42Taka in Crores. The second height average number of deposits of the State owned Banks (SOB) is 110661.61 Taka in Crores \pm 7526.03 Taka in Crores. The maximum and minimum numbers of deposits are collected of the PBI and FB respectively.

Table 4. Descriptive statistics of the deposits distribution by category of banks

Name of the Scheduled Banks	Mean	Std.D	95% C. I for Mean		Minimum	Maximum
			Lower Bound	Upper Bound		
SOB	110661.610	7526.03	101316.8064	120006.4136	102657.0	121427.0
SB	20057.984	1120.42	18666.7969	21449.1711	18820.54	21300.05
FB	25982.602	1908.14	23613.3346	28351.8694	23099.85	27860.04
PBI	249783.654	19796.18	225203.4564	274363.8516	224342.6	274606.6
IB	66985.644	5737.51	59861.5890	74109.6990	59443.04	74028.75

NB: SOB = State owned Banks, SB = Specialised Banks, FB = Foreign Banks, PBI = Private Banks (Including Islamic Banks), IS = Islamic Banks.

Table 5. Descriptive statistics of the advances distribution by category of banks

Name of the Scheduled Banks	Mean	Std. D	95% C. I for Mean		Minimum	Maximum
			Lower Bound	Upper Bound		
SOB	69999.54	3947.50	65098.07	74901.01	64497.26	74762.61
SB	21823.24	1009.75	20569.47	23077.00	20564.04	22934.95
FB	18474.60	1023.07	17204.29	19744.91	17351.15	19550.28
PBI	210720.42	15071.65	192006.49	229434.34	193468.7	233274.6
IB	59429.17	9207.59	47996.43	70861.92	44274.73	68895.23

Table 5 showed that descriptive statistics for the advances of the Scheduled Banking Industries in Bangladesh, Average, standard deviation (SD), maximum, minimum and number of observations (on the basis of which the statistics were calculated) are presented. The maximum average number of advances of the Private Banks (Including Islamic Banks) (PBI) is 210720.42Taka in Crores \pm 15071.65 Taka in Crores. Also, the minimum average number of advances of the Specialised Banks (SB) is 21823.24Taka in Crores \pm 1009.75Taka in Crores. The second height average number of advances of the State owned Banks (SOB) is 69999.54 Taka in Crores \pm 3947.50 Taka in Crores. The maximum and minimum numbers of advances are collected of also the banks of PBI and FB respectively.

5.4 Results of t-test statistics

Table 6 provides the result of the t-test between the bank groups, i.e., there is strong evidence that there is a significance ($P < 0.011$) difference contribution of the deposits between the scheduled bank of State owned Banks (SOB) and Specialised banks (SB). Similarly, the others paired of the (FB - PBI) at significance difference at ($P < 0.004$) and (IB-AB) are also the significance difference contribution of the deposits at ($P < 0.014$) in the rural and urban areas.

Table 6. Result of t – test between the Scheduled Banks for Deposits

Between the banks	Paired Differences				t-value	P-value
	Mean	S. D	95 % CI for the difference			
			Lower Bound	Upper bound		
SOB - SB	90603.6	6451.8	82592.6	98614.7	31.4	0.011***
FB - PBI	-223801.1	18201.1	-246400.7	-201201.5	-27.5	0.004***
IB - TB	-339500.2	23958.7	-369248.9	-309751.5	-31.7	0.014***

*** 1% level of significance.

Table 7 provides the results of paired t –test, there is strong evidence that there is a significance ($P < 0.011$) difference of advances for the State owned Banks (SOB) and Specialised banks (SB) during the period. Similarly, the others paired of the (FB - PBI) and (IB - AB) are the significance ($P < 0.004$) difference between them.

Table 7. Result of the t – test between the Scheduled Banks for Advances

Between the Banks	Paired Differences				t-value	P-value
	Mean	S. D	95 % CI for the difference			
			Lower Bound	Upper bound		
SOB - SB	48176.3	2965.5	44494.2	51858.4047	36.3	0.002***
FB - PBI	-192245.8	14182.2	-209855.3	-174636.4	-30.3	0.001***
IB - TB	-261588.6	13025.7	-277762.2	-245415.1	-44.9	0.004***

*** 1% level of significance.

5.5 Results of Trend Analysis

Table 8 shows the simple regression results. It's detected that the trend of deposits and advances in scheduled banks in Bangladesh for rural and urban areas. This result indicates that the coefficients of deposits are positively significance at ($P < 0.014$). i.e. the upward increasing tendency over the period. The overall deposits of the Scheduled Banks are per annum increased by 2807.7 (Tk in cores) in rural and 15820 (Tk. In cores) in urban area, which are statistically significance at 1% level of significance. Also the result shows that the coefficient of advances in rural area is positively significance at ($P < 0.014$). i.e. the upward increasing tendency over the period. The overall advances of the Scheduled Banks are per annum increased by 981.9 (Tk in cores) in rural and 12014 (Tk. in cores) in urban areas, which are also statistically significance at 1% level of significance. These results indicate that the overall deposits and advances of the scheduled banking industries in Bangladesh of the rural and urban areas are exponentially upward increasing propensity for the economics development of the future achievement.

Table 8. Simple regression Coefficient of overall of the Scheduled Banks for deposits and advances

Overall Deposits of the Scheduled Banks				
Category	Models	Co-efficients	R ²	P - value
Rural	$y = 45114 + 2807.7x$	2807.7	97.79 %	0.001***
Urban	$y = 305488 + 15820x$	15820	98.18 %	0.014***
Overall Advances of the Scheduled Banks				
Rural	$y = 22087 + 981.9x$	981.9	95.75 %	0.007***
Urban	$y = 259944 + 12014x$	12014	97.67 %	0.002***

*** 1% level of significance.

6. Conclusions

In the whole world when the world banks are getting merged to minimise cost and survive the latest financial crisis and in Bangladesh when the existing banks are up to their neck in liquidity crises, the government's recent

decision to award licences for opening new banks would undoubtedly stifle the healthy growth of banking industry in Bangladesh, if the proposed new banks are allowed to open their outlets in urban areas. It is understandable that the new banks are being approved on some political considerations, taking literally no cognizance of their financial viability. The present study is noteworthy in various aspects as the findings can be useful for the scheduled banks to make management decision to improve the deposits and advances in rural and urban areas which is the bottom line of banks profitability in Bangladesh. Linear regression analysis result was the significant improvement of overall deposits and advances for rural and urban areas of scheduled banks in Bangladesh. That is the increasing tendency over the period in terms of the growth. Deposits and advances are significantly improvement tendency in both areas. A paired t-test result suggested that the significance difference performance and contribution of scheduled banks. In the present study, the maximum number of advances and deposits are collected by the private banking industries in Bangladesh. The private banking industries is more reliable performance among the other scheduled banking in Bangladesh. The recent study the researcher [27] also found that the private banks performance in Bangladesh base on the overall services, functional activities, consumer satisfaction and others functional issue are more reliable than the other banks. Contribution scores of banking companies sometimes are not well treated by the professionals as they argue that banking is a multi stage operation and a scalar contribution score is insufficient to capture the totality of its operation. Significant improvement in the contribution of overall deposits (rural and urban) scheduled banks in Bangladesh was witnessed over the period of study in terms of the growth of deposits. Increasing the individual banks deposit can also enhance the market size of commercial banks as a sequel they can improve their return on equity [28]. The researcher are quite optimistic that if the given suggestions of this paper are implemented then the Bangladeshi banking industry by deposits and advances may be able to overcome its present problems and may contribute in the rapid development of the rural and urban areas of Bangladesh. Finally, outcomes are interpreted in this framework and suggestion that contribution management of scheduled banks deposits and advances in Bangladesh has significantly enhanced with the rural and urban areas which has been commenced by the Government of Bangladesh.

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