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Assessing the Impact of Bank Concentration and Liquidity of Refah Bank Branches on Profitability during the Period1383-190

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Abstract

Profitability is an important factor to show this articledoeswhat is the role of the intermediary bank to collect your savings and allocation of loans. Given the importance of profitability indicators in this study, the factors affecting the profitability of commercial banks in Iranare analyzedwith emphasis on the degree of centralization and bank deposits. Dependent variable is indicators of profitability (ROE, ROA) and bank deposits, bank size, bank capital, focus on liquidity and banking requirements are independent variables. Correlation analysis and OLS regression are used and the research period is 1381 to 1390 that the country's territory where bank branches.

Our results indicate that the effect of bank size on profitability is positive and the increase in bank size on profitability is increased. Impact on the profitability of bank deposits is positive, ie increasing the profitability of bank deposits increased. Finally, the impact of bank concentration on profitability is positive. Increasing the bank's focus profitability increases. Moreover, the results adversely affect the liquidity of the index is profit.

Keywords: Indicators Of Profitability (Roe, Roa), Cash, Bank Concentration, Bank Branches .

1 - Introduction

Banks make money by providing banking services to customers through higher interest rates to attract deposits the resulting difference between the two rates, bank profits are And the interest margin is said, done. So how can banks make use of economies of scale benefits from this action will be higher. Accept all types of credit granted by commercial banks deposits play a major role in the economic activity in each country. Commercial banks in particular have duty industrial and commercial organizations to provide working capital. These banks usually doing normal operations such as banks accept deposits, transfer money within Foreign exchange transactions, issuing guarantees, the granting of loans, discounting of commercial papers buy "religion", and engaged in various other services. Direct investments in commercial banks dealing in goods in order to create trade and the big monopolies are forbidden. A major concern in developing economies about the structure and there is level and high interest rates and its implications for the efficiency of the banking sector, where the above is may indicate lack of efficiency of financial intermediation and can act as a barrier to investment and may also reduce economic growth. The profitability is an important factor to show the role of the intermediary bank to collect your savings and the allocation of loans. High interest is in the interest that it will not lead to mediation. They stated that the low interest rates on deposits to secure deposits do not show and make savings is discouraged, in addition lending rates high Costs for those who borrow funds increasingly heavy, does

And thus avoids investments. Given the importance of Profitability Index In this study, the factors affecting the profitability of bank branches with emphasis on the degree of centralization

And bank deposits and cash flows are analyzed

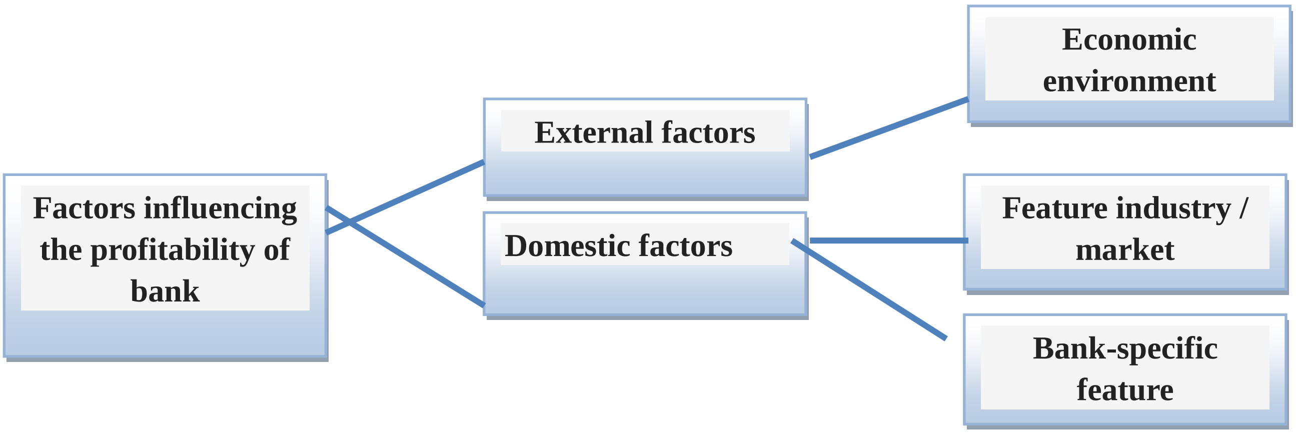
2 - Literature

2-1 - the banking system of market mechanisms.

Market-based economic system, including markets and services, labor, money and capital and the real and financial markets can be divided into two parts. First part: goods and services, labor markets and the second part will be money and capital markets. Money market is an important part of any economy is the financial market. Major institutions working in this market include commercial banks, Specialized private and non-bank credit institutions Banking system in general, be functions of three parts: 1 –money Recourse 2 - Allocation of resources (expenditure) 3 - Service expressed. 2.2 - Identifying measures the profitability of banks

Factors influencing the profitability of domestic and foreign banks are divided into two categories.

Figure 2-1: Factors influencing the profitability of banks



(Source: Ahmadzade and others, 1384)

2-3 - the concentration Market concentration is a situation in which a market or industry by a small number of leading manufacturers Large and active in the industry are being controlled. Market concentration indicates the number of firms and the distribution of market share among existing firms Thus, the range of market or industry to address market concentration should

The variable of interest (eg, sales, value added, assets, etc.) can be specified.

Concentration (C) can be written as the following function:

C = F (n, i) (2-1) .In other words, increasing the number of firms in an industry, assuming other factors remain constant , Market concentration decreases and increasing inequality in market share of firms, concentration increases (Nassiri et al, 1383). 2.3 - Background Investigations

Hamdy and Ude, 2012 an article titled "Factors affecting net interest margins of banks

In the banking sector of Lebanon "to investigate the factors affecting bank interest margins of banks in Lebanon using specific industry, in particular, monetary policy and macroeconomic variables for the period 1996 until paid. Experimental results indicate that the margin between the interest rate and foreign banks, there is a different form. For example, the size of the domestic banks, liquidity, efficiency, and to a lesser extent, capital and credit risk, has a negative impact on the interest margin. A similar effect of the concentration Dollar (money) and to a lesser extent by economic growth is taken. On the other hand the growth of deposits , Loans, inflation, the central bank discount rate, national saving (the size), domestic investment Interbank rates and to a lesser extent, all have a positive impact on net interest margin. We found that for foreign banks: size, liquidity, capital and credit risk, do not show a significant impact. Another consequence is that macroeconomic conditions in the home market, Industry characteristics, the central bank discount rate and Interbank rate on interest margins of foreign banks have a weaker effect. Bvbakva 2003, an article titled "Increasing the profitability of commercial banks." Due to the developments in the banking sector in Slovakia found that the stability of the banking sector, Conditional on macroeconomic conditions and the level of bank management, and these factors are mutually interconnected.

Degree of a bank's profitability as a business, compared to other companies, Macroeconomic development is highly dependent on and to a large extent is determined by the condition of the domestic and foreign markets. The success of a bank's ability to predict and avoid risks Prerequisite for the benefit of competition and cheapest source of funds is a banking institution.

The main objective of this paper is to examine the profitability of the bank. Therefore, based on the author to identify problem areas affecting the efficiency of banks Management of assets and liabilities for the purpose of achieving profit and also identify areas where banks will lead to greater profitability, payment. Based on the estimated model results showed that the increase in ICT and Technology, leading to an increase in the profitability of these two variables. The banking sector has already come to pass through the launch of a computer system In particular, the use of complex elements.

Given the current macro-economic financial value of assets of banks in the Slovak Republic Involved in it, it may be said Condition that the organization has reached saturation. Bank anagement should logically focus on improving the profitability of the banks have their own quality management.

Flowers and Associates 2011, an article entitled "Factors influencing the profitability of banks in Pakistan." to examine the relationship between macroeconomic banks and special features on the profitability of banks Using data from 15 commercial banks in Pakistan paid during the period 2005-2009.

This study investigates the impact of assets, loans, stocks, bonds, economic growth, Inflation and investment market on the main profitability indicators, Return on assets (ROA), return on equity (ROE stock) The return on capital employed (ROCE) have experimental results based on the available evidence suggests that, Internal and external factors that have more influence on profitability were identified that use the results for both academics and policymakers.

Aqbladh 2011, an article entitled "ICT and profitability of banks in Nigeria." Stated that the role of information in achieving the goals of the organization cannot be considered too trivial Innovation, technological change, increased understanding. Business organizations, especially the banking industry has been in a competitive environment They constantly changing economic conditions, it is unpredictable with the development of information and communication technology (ICT) is constantly changing. In this paper the author has tried using data obtained through the questionnaire in selected banks South-West Nigeria and econometric methods, to investigate the nature of the relationship between the profitability of banks and payment information and communication technologies. The analysis results indicate that the ICT and profitability of banks in Nigeria, there is a positive correlation. This implies that a small change in the level of investment and adoption of ICT in the banking industry, will lead to a proportionate increase in profitability.

3 - Research Model

In this study, we have investigated the factors affecting profitability: Among the factors used in this study include bank size, capitalization, liquidity and Factors related to the structure of the banking sector, including banking and deposits are concentrated.

Regression model estimated in this study are as follows:

Dependent variable: : Profitability y_it I t is i have interest in, for example, the dependent variable is
ROA and ROE, which is measured. Independent variables:

$X1_{it}$_it bank as the independent variable and the ratio of bank assets to total bank i in year t, is me.

$X2_{it}$_it bank deposits is the independent variable and bank deposits, bank i in year t, is me.

$X3_{it}$_it Investment Bank is an independent variable is the investment bank i in year t, is me.

$X4_{it}$_it Equity Bank is an independent variable is the liquidity of bank i in year t, is me.

$X5_{it}$_it bank's focus is the independent variable and is calculated from the following equation.

F: as a mathematical equation based on the correlation between the profitability measures ROA and groups
And that trend by linear regression trend analysis and linear graph obtained by:
Where α, 1β, 2β, 3β, 4β, 5β will be calculated using simple linear regression estimate.

4 - Estimated model (regression and correlation)

4-1 - regression models for all commercial banks (the dependent variable (ROE:
Then the model is estimated:

Table 2 summarizes the estimated regression model for all commercial banks (the dependent variableROE)

Coefficient	Variables
-19/00747	Intercept
1/122992	$SIZE_{it}$:Size of bank
2/936096	DEP_{it}:Bank deposits
06367231	CAP_{it}:Bankroll
-0142464	LIQ_{it}:Equity Bank
1/122992	$CONC_{t}$:Focus Bank

The coefficient of determination:0/46 Adjusted coefficient of determination:0/45

Source: research findings

B) The regression equation:

The regression equation is as follows:

Between liquidity and profitability ((ROE there is an inverse relationship. In other words, by increasing liquidity, profitability decreases In other cases correlated with profitability ((ROE there.

In other words, the relationship between bank size and profitability is positive.

The increase in bank size on profitability is increased. The relationship between bank deposits and profitability is positive. Increasing the profitability of bank deposits increased Finally, the relationship between bank concentration and profitability is positive. With the increased focus on the bank's profitability increases with increased investment bank profitability increases.

The biggest factor (93/2) is the ratio of bank deposits. The smallest coefficient (014.) - Is related to the liquidity of banks. Estimate the relationship between the coefficient of determination, 46/0, in other words, about 46% of the stated variables And modified slightly the amount is less than or equal to 45%.

4-2 - regression models for all commercial banks (the dependent variable (ROA:

Table (3) estimate the regression model for all commercial banks (the dependent variable ROA)

Coefficient	Variables
-9/15	Intercept
1/02	$SIZE_{it}$:Size of bank
1/93	DEP_{it}:Bank deposits
053	CAP_{it}:Bankroll
-014	LIQ_{it}:Equity Bank
1/02	$CONC_{t}$:Focus Bank
The coefficient of determination:0/45 Adjusted coefficient of determination:0/43	

Source: research findings

The regression equation is as follows:
Between liquidity and profitability ((ROA inverse relationship exists.
In other words, by increasing liquidity, profitability decreases.
In other cases correlated with profitability ((ROA there.
In other words, the relationship between bank size and profitability is positive. The increase in bank size on profitability is increased. Increasing the bank's focus profitability increases Increased investment bank profitability increases. The largest coefficient (1.93) is the ratio of bank deposits. The smallest coefficient (014.) - Is related to the liquidity of banks. Estimate the relationship between the coefficient of determination, 45/0, in other words, about 45% of the stated variables And modified slightly the amount is less than or equal to 43 percent. 4-3 - Pearson correlation analysis Other types of relationships between variables, to evaluate changes in the interaction between the two is 2. This analysis can be established by assuming a normal distribution for all variables In the absence of established using Pearson's correlation coefficient and Spearman correlation assumption using standard Is performed.

State Commercial Banks Table 4 Correlation analysis (Pearson criterion)

Focus Bank	Liquidity	Bankroll	Size of bank	Bank deposits	Variable / Variable
0/23	0/07	0/4	0/23	1	Bank deposits
0/59	0/14	0/17	1	0/23	Size of bank
0/29	0/29	1	0/17	0/4	Bankroll
0/59	1	0/29	0/14	0/07	Liquidity
1	0/59	0/29	0/59	0/23	Focus Bank

Source: research findings

According to Table 4 Correlation analysis of the state commercial banks (Pearson criterion) is as follows:

Direct relationship between the amount of bank deposits and bank size 23/0 exists between bank deposits

Direct relationship to the amount of capital banks 4/0 there. Positive relationship between bank deposits and cash And the level of 0/07, there is a direct relationship between bank concentration and bank deposits And as much as 23/0 are the variables most strongly associated with variable investment bank is a bank deposit. Direct relationship between the size of the bank and deposit as much as 23/0 are And direct relationship between the size of banks and investment banks to the extent of 17/0 there. Positive relationship between size and liquidity of banks as much as 14/0 exists between bank size Direct relationship to the amount of bank concentration and 59/0 are the variables most strongly related to database size Banking concentration is variable. Direct relationship between bank capital and bank deposits amount to 4/0 exist between bank capital

Direct relationship to the amount of bank size 17/0 there. Positive relationship between bank capital and liquidity And the level of 0/29, there is a direct relationship between bank capital and bank concentration And as much as 29/0 are the variables most strongly associated with variable investment bank liquidity And is the focus of the Bank. Direct relationship between the amount of cash and bank deposits 07/0 is Relation between bank size and liquidity, and as much as 14/0 are available.

Positive relationship between bank liquidity and capital to the extent of 29/0 is Relation between liquidity and banking concentration rate of 59/0 is The variables most strongly associated with the liquidity of the banking concentration is variable. Direct relationship between the concentration of bank deposit rates 23/0 is Between bank concentration and bank size and the amount of direct communication 59/0 there. Banks and investment banks to focus on the positive relationship between the level of 0/29, there is And the concentration of bank liquidity relation to the amount of 59/0, there is Among the variables most strongly associated with bank concentration variable is liquidity.

The general conclusions suggest that the highest correlation between two variables, bank size and focus

Liquidity and concentration over the number 59/0 is the maximum correlation between the two variables are independent variables. 4.4 - Spearman correlation analysis Although the analysis in the previous section that default assumptions of regression analysis And a linear correlation is established for providing similar results compared Foreign researchers initially used regression analysis and the final analysis state Commercial Banks Table 5 Correlation analysis (Spearman criteria)

Table (5) state commercial banks correlation (Spearman criteria) is as follows:

ROE	ROA	Variable / Variable
0/06	0/06	Bank deposits
0/01	0/2	Size of bank
0/13	0/17	Bankroll
-0/43	-0/48	Liquidity
0/01	0/2	Bank concentration

Profitability is a direct positive relationship between bank deposits has the same effect on both the profitability index has a similar intensity and other factors affecting the profitability of the relationship is less than. There is a direct relationship between the size and profitability of banks and it is worth noting that the relationship between bank size and other indicators of profitability index is greater than ROA. There is a direct relationship between bank capital and profitability and the need to mention ROA profitability index is greater than the magnitude of the relationship. The relationship between liquidity and profitability is inversely more frequent and severe than is given to other variables and as much as 48/0 are inversely related and noted that the magnitude of the inverse association with ROA profitability index greater.

There is a direct relationship between concentration and bank profitability the intensity directly related to the profitability index is higher ROE. In an aggregation relationship between the variables examined in this study profitability index is positively related to non-cash and the highest positive relationship between bank capital and profitability and Negative relationship between liquidity and profitability is highest. Profitability index has a direct correlation with higher bank capital and liquidity is high inverse correlation with profitability indicators.

5 - Conclusions and Recommendations

The use of various macroeconomic variables, plus variables of bank concentration and bank deposits, and other internal and external factors affecting according to various literature survey of the most innovative aspect of the research. Many researchers believe that factors affecting the profitability of certain banks. While some claim that it is a more important factor specific industry.

On the other hand, some economists believe that macroeconomic factors are more important factors, because the profits are distributed, particularly in developing countries. In this study the importance of the banking industry Given the importance of the banking system and effective macroeconomic situation in each country is banks and undeniable role in the economy of any country If they make a dent in the economy as a whole will rise to crises in each country are

Therefore, careful planning on the part of banks' liquidity management system And the volume of bank deposits and assess their impact on the profitability of banks is important. According to an aggregation of all variables are other than the positive effect of liquidity and directly affect the profitability of the index case. The total effect of bank size on profitability of commercial banks in Iran

During the period under review shows a significant positive impact. Impact on the profitability of the bank's capital and deposits of commercial banks is a significant and positive impact on Iran.

Liquidity is negative and significant impact on profitability is focus on increasing the profitability of commercial banks is Ban. Therefore, the results presented in this paper are the following suggestions:

Given a positive impact on the profitability of bank deposits is suggested due to attract more deposits in different branches of commercial banks to adopt the necessary policies.

Given the positive effects of total assets of the bank's results as an indicator of the size of the bank,

it is suggested Due to the negative impact of liquidity on bank profitability, it is recommended that government officials and central banks to absorb liquidity wandering adopt the appropriate policies.

Central bank policy is based on liquidity management and liquidity decreases Based on this, they try to charm commercial banks to attract deposits people to use and it makes reducing liquidity in banks and money entering the country is its kind in the country prevents inflation. Banks to convert their assets into capital, either physical capital whether the financial capital through stock purchase or exchange etcact to increase their profits due to the influence andis justified positive relationship between bank capital and profitability. Adopt policies to control inflation and economic stability the more people enter the deposits to the bank and ultimately increase profits rise in bank deposits. The bank focuses on increasing profits soar and therefore it is suggested that the increase in the rate of economic stability Focus on commercial banks to expand the amount of the profits of the banks.

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