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DETERMINANTS OF DEPOSIT ACCUMULATION STRATEGIES OF DEPOSIT MONEY BANKS (DMBS) IN NIGERIAN

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Abstract

The study on determinants of Nigeria's deposit accumulation strategies of deposit money banks (DMBs) (1991-2019). The independent variables were premeditated using banks' liquidity, branch network expansion, prime lending rate, deposit interest rate, and unemployment rate while deposit accumulation strategies of DMBs was premeditated by aggregate customer deposit. Data was analyzed by descriptive statistics, Pearson correlation analysis, stationarity (unit root) test, cointegration test, and granger causality test. Global statistics (f-statistics) result shows banks' liquidity, branch network expansion, prime lending rate, deposit interest rate, and unemployment were collective determinants of deposit accumulation. Individually, the OLS indicates bank liquidity, prime lending rate, and unemployment rate were inconsistent with deposit accumulation strategies of DMBs. Branch network expansion and deposit interest had affirmative relationship with deposit accumulation strategies of DMBs. Thus, the study concludes that deposit accumulation strategies of DMBs were mostly affected by changes in bank liquidity, deposit interest rate, and unemployment rate. Therefore, we recommend that Nigerian banks opt for optimum liquidity level, increased branch network and deposit interest. Meanwhile, DMBs should be socially amenable by corroborating with Government and private sectors in supporting varied entrepreneurship skill acquisition programs for employment generation.

Introduction

Every modern economy relies heavily on the banking services. It is, without a doubt, the pivot around which modern economic improvements rotates. Banks, through their financial intervention role, assist in bridging the financial gap that arises within an economic system between savers and borrowers. The banking industry, without a doubt, facilitates the effective transfer of financial resources from net savers to net borrowers. Through the institutionalization of both saves and investment, this process increases capital accumulation. Consequently, gains to the actual economy are dependent on bank's execution of her core job of financial intermediation.

Banking was defined by the Banking Act of 1969 as the business of taking funds from outside sources as deposits, regardless of whether interest is paid or money, loans, or credits are accepted. Banking is a highly leveraged business by nature, with depositor funds accounting for a significant portion of overall capital available to a bank. For a variety of reasons, bank customers, particularly depositors, are singled out for protection. We have to safeguard banking, a critical sector of the nation from harmful runs that could destabilize the monetary system. Its frequently complemented by proactive initiatives to hold depositor confidence (Aduda & Magutu, 2019). As a result, the deposit is the bedrock of all banking activities. However, the banking industry as a whole relies on customer deposits to advance money to its clients.

According to Ymenu (2018); Girma and Jiqin (2018), deposit accumulation is one of the most important functions of the banking system. Deposit accumulation is critical to providing excellent services to many areas of the economy. The deposit accumulation is crucial to the banking industry's success. In terms of marketing, the Nigerian banking industry has recently fallen behind manufacturing enterprises. Many banks lacked proper management and marketing strategies. Others saw no need for marketing until recently because there was so much demand or so little competition. The banking industry has changed dramatically throughout the years. Bank operations used to be easy, but as a result of increased competition, many banks have developed tactics to thrive in this climate. In the financial industry, things have altered since then. Bank deposits are frequently the greatest component of the banking system's liabilities. In order to ensure successful asset/liability management, an examination of the types and amounts of deposits mobilized by banks is necessary.

Above are some possible explanations for the significant increase: a quick development of the bank's branch network, making banking services more accessible to depositors Furthermore, insured banks' aggressive deposit accumulation techniques aided in the expansion of deposit liabilities. The rush for depositors' funds became severe as a result of this paradigm change, which was accompanied by intense rivalry in an ever-changing market. As a result, most banks engaged in aggressive marketing through "target deposit" for their marketers' higher deposits from the general public, as they had never done before. The practice of giving bank personnel "target deposits" has various social and financial ramifications for banks and their (marketers) employees.

The study's major goal is to look into the impact of deposit accumulation strategies on the banking industry in a few selected Nigerian institutions. This research

would be extremely beneficial to the Nigerian banking sector, as it would enable them to comprehend the importance of employing a variety of techniques or strategies to ensure that the required amount of deposit is mobilized to meet lending volume as required.

Review of Related Literature

Conceptual Clarifications

Over the years, the subject of deposit accumulationstrategy has remained one of the most fascinating discussions in finance. Since a large portion of a deposit money bank's assets is normally supported by customer deposits, deposit accumulationhas been regarded as an important part of banking operations (Nguyen, Tripe, and Ngo (2018) The primary cost of any DMB is interesting. In general, the accumulationof savings through deposit collection has been regarded as the major task of the banking industry, and deposit money banks (DMBs) are seen as indispensable tools that DMBs use to increase their profitability by advancing deposits. Investments in government and other approved securities to meet liquidity requirements, as well as commercial papers, shares, debentures, and other securities up to a certain limit (John, Isaac, & Nathaniel, 2017).In contrast, DMBs, like the rest of the industry, rely on the client's deposit to advance their customers. As a result, bank credit and bank deposits are inextricably linked and, in general, represent two sides of the same coin.

According to Mamo (2017) the success of DMBs is determined by the number of funds mobilized. Deposits are essential to the banking industry's survival. This implies that DMBs' lending activities are only possible if they can raise sufficient funds from their consumers. As a result, DMBs must rely on deposits from both urban and rural areas. This will enable them to allocate substantial sums of money to development priorities. As a result of the above, it is clear that banks' deposit and lending activities are influenced by a variety of circumstances, all of which have an impact on the banks' liquidity and profitability. An increase in deposit and loan trends will have the impact of boosting bank performance This is because rising deposit accumulationstrategies mean more liquidity for banks and more cash available for lending, allowing them to make more profits (Mohammed, Alexander, and Musa (2017).

Banks, according to Ymenu (2018), mobilize deposits as their key source of funds. Having the right amount of deposits is essential. Banks will be able to lend the funds to earn interest. In addition to lending, the deposits fund can be invested in a variety of ways that meet the banks' or deposits' goals. Deposit accumulationis a constant activity of a bank that ensures that the overall amount of deposits in the bank at any one time is sufficient to sustain the existing level of lending and investments, particularly to compensate for the withdrawals made by depositors.

To ensure the bank has adequate cash reserves to fulfill projected withdrawals as well as recurring withdrawals, the level of the deposit is usually kept modestly or specified percentages above the lending and investment levels. Liquidity Reserves are the cash reserves. Deposits cost banks money, either in terms of maintaining the deposits and their transactions or in terms of paying interest on the deposits when they mature.

A deposit accumulationstrategy is defined by Mohammed, Alexander, and Musa (2017) as a system designed to persuade clients to deposit more cash with the bank, which the bank will utilize to issue more loans and earn greater revenue for

them. This indicates that the more loans that are disbursed, the more profit the banks make. He went on to say that the deposit accumulationstrategy is based on the cost of deposits.

Deposit accumulation, according to John, Isaac, and Nathaniel (2017).is the gathering of cash or money from the public by a financial institution through its current, savings, and fixed amount accounts, as well as other specialized schemes. Deposits are typically thought of as low-cost working capital that can help deposit-taking institutions boost their long-term viability and profitability (Altin & Hysen, 2016).

The basic purpose of a financial institution, according to Richatd (2014), is deposit accumulation. Deposit accumulation is the process of moving cash from surplus to deficit economic agents, which affects economic growth. Deposit accumulation is a program used in the banking industry to attract clients to deposit more cash with the bank, with the money being utilized by the bank to disburse more loans and create greater revenue. In addition, the more loans that banks provide, the more profit they make the success of the deposit accumulation process, however, is dependent on the development of the financial system as well as bank strategic practices (Pesa & Matiru, 2015). According to Girma and Jiqin (2018) advocate that to mobilize enough deposits, banks should present various kinds of deposit schemes to attract customers. Normally customers have various kinds of needs and concerning their gender, age, profession, level of income, type of necessity, tenure, size of business and so many other factors that that to making a discrepancy among customers when they deposit their money in banks.

Bank-led theory

Customers execute financial transactions through a variety of retail agents rather than at bank branches or through bank staff, making the bank-led model a unique alternative to traditional branch-based banking. The bank is the ultimate provider of financial services as well as the place where consumers keep their accounts. Any location that accepts cash and is close to customers could potentially be used as a retail agent. Each retail agent, regardless of the location, is equipped to communicate electronically with the bank for which it is working. A cell phone or a card-reading electronic point-of-sale (POS) terminal could be used. After an account is opened or a loan is accepted, the customer visits a retail agent to complete all or part of his or her financial transactions.

If the transaction is a purchase or a transfer of funds between accounts, the retail agent validates the customer's identification papers and performs the transaction, debiting the customer's and crediting the payee's bank accounts. Cash is either deposited into or withdrawn from the retail agent's cash drawer unless the transaction is just a transfer of funds. A payment processing agent settles the transaction between the customer's account and the cost payee's account,or an electronic record of the transa ction is forwarded immediately from the reta il agent to the bank (Nguyen, Tripe, & Ngo, 2018). The bank-led theory is relevant to the study because it focuses on how financial institutions, such as banks, deliver financial services through retail agents. The bank develops financial products and services but distributes them through retail agents. This methodology makes it easier for banks to raise deposits, which leads to improved financial performance.

Empirical review

Odeiem-Ogulu (2019) analyzed deposit composition and return on equity of deposit money institutions in Nigeria.Multiple regression was used in this investigation. The unit root test demonstrated that the variables are table at the first difference, whereas the cointegration test revealed a long-run link between the dependent and independent variables.

Aduda and Magutu (2019) examined the intervening effect of savings accumulation on the relationship between bank assurance and the financial performance of commercial banks in Kenya.Primary and secondary data were used in the investigation. Twenty-seven commercial banks that provide bank assurance were among the respondents. Ymenu (2018) evaluate the impact of deposit accumulation and loan disbursement on bank financial performance. An explanatory study design was used to investigate the control variable (bank size) and the dependent variable (amount of mobilized deposit, amount of disbursed loan, and nonperforming loan) (Return on Asset). The selected factors were studied using secondary data from the NBE. The study used panel data, and multiple regressions. The amount of mobilized deposit, amount of dispensed loan, and bank size all had a beneficial and significant impact on Ethiopian commercial banks' performance, according to the study's findings.

Girma and Jiqin (2018) investigated the impact of deposit accumulation on the financial viability of Ethiopian rural savings and credit cooperatives (RUSACCO).The correlation and panel data were used in the study. The outcomes of the panel regression estimates demonstrated that among the deposit accumulation factors, the deposit to loan ratio, deposit to total asset ratio, deposit volume, and demand deposit ratio all had a significant direct impact on financial sustainability.

The outcomes of the panel regression estimates demonstrated that among the deposit accumulation factors, the deposit to loan ratio, deposit to total asset ratio, deposit volume, and demand deposit ratio all had a significant direct impact on financial sustainability.

John, Isaac, and Nathaniel (2017).investigated the Credit risk, deposit accumulation, and profitability of Ghanaian banks.Credit risk, deposit accumulation, interest income growth, capital adequacy ratio, and profitability of Ghanaian banks all show a significant positive correlation, according to the study's findings.

Mamo (2017) investigated the factors that influence deposit accumulation in Ethiopian commercial banks. For this study, multiple linear regressions were used, with the variables being competitors, interest, branches, and loan, and the dependent variable being Total deposit. The econometric findings show that loan provision, branch expansion, and customer numbers all have a considerable beneficial impact on deposit accumulation. Before conducting the regression, the study fails to perform all of the Mohammed, Alexander, and Musa (2017) investigated the impact of target deposit mobilization on the performance of several selected banks in Maiduguri Metropolis. Ordinary Least Square Method was adopted in the study. Sixty (60) respondents were chosen to reflect the total population as the target population. The findings revealed that “target deposit” has led to an increase in the size of bank deposits as well as financial gain and promotion for marketers.

The study's findings, based on quarterly data, suggest that the deterioration of several banking or macroeconomic variables has had an impact on deposit levels. In addition, the amount of bank liquidity and interest rates on foreign currency deposits is two of the most important elements that influence total deposits.

Research Methodology

Research Design, Population and Data Collection Sources

The study adopted the expost facto research design owing to the fact that it is an appropriate design that is used for gathering historical data. The study population covered the whole banking industry.Specifically, the study sourced data from CBN Statistical Bulletin and National Bureau of Statistics (NBS). The choice of data collection is borne based on the fact that its findings are the more reliable sources. The sourced data covered from 1991 to 2019. Variables in the study include bank's liquidity, branch network expansion, prime lending rate, deposit interest rate, and unemployment rate, and Aggregate customer deposit.

Techniques of Data of Analysis

The statistical package used in this study is Econometric Views (E-Views) 9.0. Also, the study adopted the Ordinary Least Square (OLS) estimation techniques to estimate the specified model. Meanwhile, the analysis of the data began with the descriptive statistics, cointegration test, unit root test (Pre-test) of variables since most times series data are prone to be non-stationary. Econometrically, the model for this study is a modified version of Azolibe (2019) which is stated as follows:

ACDE = f(BANL, BNEX, PLER, DEIR, UNR)……(1)

Transforming equation 1 above to econometric method, we have:

$ACDE = \beta 0 + \beta_1 BANL + \beta_2 BNEX + \beta_3 PLER + \beta_4 DEIR + \beta_5 UNR + \varepsilon it$……..(2)

Where:

ACDE = Aggregate Customers' Deposit (Proxy for deposit accumulation)
DEIR = Deposit Interest Rate
BANL = Bank's liquidity (measured by Loan-to-Deposit Ratio)
BNEX= Branch Network Expansion (measured by the total numbers of banks in Nigeria)
PLER = Prime Lending Rate
UNR = Unemployment Rate
εit = Error Term
β0 = Regression Intercept.
β1 – β5 = Coefficient of Independent Variables to the Dependent Variable

Results and Discussions

Data Analysis

Data for the study was analyzed using descriptive statistics, Pearson correlation analysis, stationarity (unit root) test, cointegration test, and granger causality test.

Table 1: Descriptive Statistics for all Study Variables

	ACDE	BANL	BNEX	DEIR	PLER	UNER
Mean	7237.170	64.34133	3667.167	11.79833	18.70400	6.597667
Median	1848.785	64.93500	3240.000	10.09000	17.96500	3.770000
Maximum	40577.65	85.66000	5809.000	28.02000	29.80000	14.80000
Minimum	23.19000	37.97000	25.00000	5.460000	13.54000	1.800000
Std. Dev.	9494.666	12.12013	1653.462	5.303717	3.340438	4.414645
Observations	**30**	**30**	**30**	**30**	**30**	**30**

Source: E- Views 9.0. (2021).

The descriptive statistics in table 1 above indicates that during the period of study, aggregate customer deposit denoted by ACDE records a mean value of 7237.170 and a standard deviation value of 9494.666 indicating that aggregate customer deposit was relatively unstable throughout the study period. Meanwhile it reported a maximum and minimum value of 40577.65 and 23.19000 respectively. More so, the numbers of paired observation amounted to 30 years signposting that there is no missing value.

Again, bank liquidity denoted by BANL records a mean value of 23.91489 and a standard deviation value of 64.34133 indicating that it was relatively stable throughout the study period. Meanwhile it reported a maximum and minimum value of 85.66000 and 12.12013respectively.

Additionally, branch network expansion denoted by BRENX records a mean value of 3667.167 and a standard deviation value of 1653.462 indicating that it was relatively stable throughout the study period. Meanwhile it reported a maximum and minimum value of 5809and 25.00000respectively.

Furthermore, deposit interest denoted by DEIR records a mean value of 11.79833 and a standard deviation value of 5.303717 indicating that it was relatively stable throughout the study period. Meanwhile it reported a maximum and minimum value of 5 28.02000 and 5.460000respectively.Moreover, prime lending rate denoted by PLER records a mean value of 18.70400 and a standard deviation value of 3.340438 indicating that it was relatively stable throughout the study period. Meanwhile it reported a maximum and minimum value of 29.80000 and 13.54000respectively.Lastly, unemployment rate denoted by UNER records a mean value of 6.597667 and a standard deviation value of 4.414645 indicating that it was relatively stable throughout the study period. Meanwhile it reported a maximum and minimum value of 14.80000 and 1.800000respectively.

Table 2: Pearson Correlation Analysis for all Study Variables

	ACDE	BANL	BNEX	PLER	DEIR	UNER
ACDE	1.000000					
BANL	-0.039010	1.000000				
BNEX	0.766741	-0.010928	1.000000			
PLER	-0.502373	-0.118639	-0.483817	1.000000		
DEIR	-0.513597	-0.213248	-0.546972	0.663169	1.000000	
UNER	0.020897	0.119699	-0.070646	-0.050735	-0.274567	1.000000

Source: E-Views 9.0. (2021).

The table above shows that there is a weak negative relationship between bank liquidity and deposit accumulation. This is because its coefficient value estimated at -0.039010 is negatively signed and below 30%. This reveal that increased bank liquidity decreases deposit accumulation. Meanwhile, branch network expansion is positively correlated with deposit accumulation. This is because its coefficient value estimated at 0.766741 is positively signed and above 70%. Further, a moderate negative relationship exists among prime lending rate, deposits interest rate, and deposit accumulation. This is because their coefficient values estimated at -0.502373 and -0.513597 are within 50%.

Lastly, unemployment rate exerted positive weak correlation with deposit accumulation. This is because its coefficient value estimated at 0.020897is positively signed and below 30%.

Pre-test using Unit Root Test

To determine the order of integration so as to avoid spurious regression, the analysis proceeds with the conduct of the unit roots tests. The null hypothesis tested is: the data series have unit roots. Details of the test at levels with intercept are contained in Table 3below:

Table 3: Summary of Augmented Dickey-Fuller (ADF) tests (All Logged)

Target Variables	ADF Test Statistics	MacKinnon Critical Value @ 5% level	P-Value	Order of Integration	Decision
Aggregate Customer Deposits	-3.262612	-2.971853	0.0267	1(1)	Stationary
Bank Liquidity	-3.803938	-2.971853	0.0076	1(1)	Stationary
Branch Network Expansion	-4.468580	-2.967767	0.0014	1(0)	Stationary
Deposit Interest Rate	-6.104081	-2.976263	0.0000	1(1)	Stationary
Prime Lending Rate	-4.084606	-2.967767	0.0037	1(0)	Stationary
Unemployment Rate	-5.162416	-2.986225	0.0003	1(1)	Stationary

Source: E- Views 9.0. (2021).

Table 3 above, revealed the results of the ADF test of the study variables. The results in table 4 above show that Branch Network Expansion and Prime Lending Rate attained stationarity at their natural levels (i.e.1(0)) while Aggregate Customer Deposits, Bank Liquidity, Deposit Interest Rate, and Unemployment Rate attained stationarity at first difference (i.e.1(1)). Since all the test statistics are significant, the null hypothesis which supports the presence of unit root is rejected for all the targeted variables.

Thus, the time series are stationary at 1(0) and 1(1). The reason is that at their natural levels and at first differences, their ADF Test statistics were greater than their MacKinnon Critical value at 5% significant level.

Co-integration Test for Long-Run Relationship

Having established thatthe time series are stationary at 1(0) and 1(1), we then proceed to co-integration test in a bid to test for the long-run relationship.

Table 4: Johansen- Juselius cointegration test

Lags interval (in first differences): 1 to 1				
Unrestricted Cointegration Rank Test (Trace)				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value @ 5%	Prob.**
None *	0.904687	156.9067	107.3466	0.0000
At most 1 *	0.832254	98.14196	79.34145	0.0010
At most 2	0.659098	53.50932	55.24578	0.0705
At most 3	0.419742	26.60534	35.01090	0.2956
At most 4	0.328690	12.99829	18.39771	0.2412
At most 5	0.114327	3.035179	3.841466	0.0815

Trace test:2 cointegrating eqn(s) at 0.05 level * indicates rejection of the hypothesis at the 0.05 level **MacKinnon-Haug-Michelis (1999) p-values				
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	Critical Value @ 5%Value	Prob.**
None *	0.904687	58.76473	43.41977	0.0006
At most 1 *	0.832254	44.63264	37.16359	0.0058
At most 2	0.659098	26.90398	30.81507	0.1398
At most 3	0.419742	13.60705	24.25202	0.6231
At most 4	0.328690	9.963114	17.14769	0.4007
At most 5	0.114327	3.035179	3.841466	0.0815
Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level				

Source: E-Views 9.0. (2021).

The results show that bank performance and financial deepening reach equilibrium at the long run. The statistics of both the trace and maximum Eigen tests are statistically significant when using any of the six proxies of financial deepening and reported 2 co-integrating equation. Overall, the results of the study point out a statistically significant long run relationship between bank deposit accumulation and its determining factors.

Discussion of Results

For purpose of statistical significance, our regression result is therefore presented below:

Table 5: Summary of OLS Result
Dependent Variable: LOG(ACDE)
Method: Least Squares
Date: 06/24/21 Time: 13:30
Sample: 1991 2019
Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.922006	1.559607	4.438301	0.0002
LOG(BANL)	-0.006532	0.012577	-0.519399	0.6084
LOG(BNEX)	0.000843	0.000112	7.520349	0.0000
LOG(PLER)	-0.077995	0.059249	-1.316376	0.2010
LOG(DEIR)	0.122201	0.042741	2.859112	0.0089
LOG(UNER)	-0.117798	0.037000	-3.183741	0.0041
R-squared	0.898921	F-statistic		40.90895
Adjusted R-squared	0.876947	Prob(F-statistic)		0.000000
Durbin-Watson stat	2.012525			

Source: E-Views 9.0. (2021).

The R-squared otherwise known as R^2 shows that the determinants of bank deposit accumulation (bank liquidity, bank network expansion, prime lending rate, deposit interest rate, unemployment rate) jointly accounted for 89.89% while the remaining 0.11% accounted for variables not included in the study. This implies that the determinants of bank deposit accumulation proxies used in this study are appropriate for prediction.

The aggregate, bank liquidity, bank network expansion, prime lending rate, deposit interest rate, unemployment rate are statistically significant because p-value of the F-Statistic associated with the overall effect of relevance of the contributions of financial deepening. Therefore, on the basis of this analysis, it was concluded that bank

liquidity, bank network expansion, prime lending rate, deposit interest rate, unemployment rate bears a statistically significant and consequently establishing the main research objective and answering the major research question. Lastly, the Durbin Watson (DW) statistic of 2.012525 indicates that the model is not auto-correlated.

Bank's Liquidity and Bank Deposit Accumulation

Table 5 above shows that banks' liquidity exert a negative statistical insignificant impact on deposit accumulation in the Nigerian banking industry. This is confirmed by it coefficient and probability estimated at -0.006532 and 0.6084. This evidence suggests that a 1% rise in these variables branch network expansion decrease the deposit accumulation efforts of banks in Nigeria by 0.653%. This result is in line with the a-priori expectation of the study which assume that if the loan-to-deposit ratio is too high, it means that the bank may not have enough liquidity to meet customer's withdrawals and may discourage people from further depositing their money. Hence, it is justifiable for banks' liquidity to impair bank deposit accumulation process. Accordingly, this result is in tandem with the findings of Islam (2019); Dereje (2017); Andinet (2016) but contradicts the findings of Kettema (2017).

Branch Network Expansion Bank Deposit Accumulation

The regression result in table 5 above revealed that branch network expansion revealed that the spread exert a positive statistical significant impact on deposit accumulation in the Nigerian banking industry. This is confirmed by it coefficient and probability estimated at 0.000843 and 0.0000. This evidence suggests that a 1% rise in these variables branch network expansion increases the deposit accumulation efforts of banks in Nigeria by 0.08%. This result is in line with the a-priori expectation of the study which assume that when a bank opens up a new branch, it draws customers to the newly opened branch and more deposits are mobilized. Hence, it is justifiable for branch network expansion to increase the deposit base of the Nigeria banking industry. Accordingly, this result confirms the findings of Gunasekara & Kumari (2018); Ambe (2017); Dereje (2017); Andinet (2016); Jamil & Shazia (2016); Tareq (2015); Giragn (2015); Shemsu (2015) but contradict the findings of Islam, (2019).

Prime Lending Rate and Bank Deposit Accumulation

Based on the regression result in table 5 above, prime lending rate exerts a negative statistical insignificant impact on deposit accumulation in the Nigerian banking industry. This is confirmed by it coefficient and probability estimated at -0.077995 and 0.2010. This evidence suggests that a 1% rise in these variables prime lending rate decrease the deposit accumulation efforts of banks in Nigeria by 7.7995%. This result is in line with the a-priori expectation of the study which assume that when a bank reduces the rate of interest charged on loans, it encourages people to open an account and then deposit money with it so as to borrow at a low interest rate. Hence, it is justifiable for prime lending rate to deter deposit accumulation. This shows that prime lending rate in Nigeria has been on the increase and as such poses serious threat to the banks in terms of mobilizing more deposits from the public.

This therefore calls on management of Deposit Money Banks in Nigeria to devise other strategies to manage these changes in the macroeconomic environment rather

than relying on the regulatory bodies so as to remain in the business of banking. Accordingly, this result confirms the findings of Islam, (2019) but contradicts the findings of Ogbulu, (2015) Ojeaga & Odejimi (2013).

Deposit Interest Rate and Bank Deposit Accumulation

Based on the regression result in table 5 above, deposit interest rate exerts a positive statistical significant impact on deposit accumulation in the Nigerian banking industry. This is confirmed by it coefficient and probability estimated at 0.122201 and 0.0089. This evidence suggests that a 1% rise in these variables deposit interest rate increase the deposit accumulation efforts of banks in Nigeria by 0.89%. This result is in line with the a-priori expectation of the study which assume that high deposit interest rate on deposit motivate people to deposit more money in the bank. Hence, it is justifiable for deposit interest rate to deter deposit accumulation. Accordingly, this result confirms the findings of Gunasekara & Kumari (2018); Andinet (2016); Ongeti (2016); Hassan (2016) but contradicts the findings of Azolibe (2019); Kettema (2017).

Unemployment Rate and Bank Deposit Accumulation

Based on the regression result in table 5 above, unemployment rate exerts a positive statistical significant impact on deposit accumulation in the Nigerian banking industry. This is confirmed by it coefficient and probability estimated at -0.117798 and 0.0041. This evidence suggests that a 1% rise in these variables unemployment rate decrease the deposit accumulation efforts of banks in Nigeria by 11.77%. This shows that unemployment rate in Nigeria has been on the increase and as such poses serious threat to the banks in terms of mobilizing more deposits from the public. This calls on management of Deposit Money Banks in Nigeria to devise other strategies to manage these changes in the macroeconomic environment rather than relying on the regulatory bodies so as to remain in the business of banking. This result is in line with the a-priori expectation of the study which assume that lower interest rate on deposit deter people to deposit more money in the bank. Hence, it is justifiable for deposit interest rate to deter deposit accumulation. However, the findings of this study partially support the findings of Azolibe (2019) where he discovered a negative statistical insignificant relationship between unemployment rate and deposit accumulation in Nigeria.

Conclusions

The study investigated the determinants of deposit accumulation of the Nigerian banking sector from 1991 to 2019 using the cointegration and OLS estimation technique. Accordingly, the both the cointegration test clearly revealed that on the overall banks' liquidity, branch network expansion, prime lending rate, deposit interest rate, and unemployment have long run statistical significant impact on deposit accumulation. Corollary to the major findings of this study, we concludes that deposit accumulationefforts of the Nigerian banking sector are mostly affected by changes in the bank-specific factor such as bank liquidity and deposit interest rate and macroeconomic environment such as unemployment rate. In line with the findings of this study alongside the conclusion drawn from the study, the study therefore recommends that;

1. Nigerian banks must strike a balance between liquidity and profitability by maintaining an optimum level of

liquidity that will enhance public confidence which will invariably ensure regularity of customer deposits.

2. Nigerian banks should ensure that the current move of widening its branch network is retained.
3. Effort should be made to reduce the current lending rate as it reduces bank deposit base.
4. Nigerian banks should ensure that the current move of increasing its deposit interest rate should be retained.

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