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**EFFECTIVE FACTORS ON SUCCESS OF BANKS AND FINANCIAL INSTITUTIONS IN ALLOCATION OF BRANCHES' BANK RESOURCES IN BANK
(CASE STUDY: BRANCHES OF PARSIAN BANK IN TEHRAN)**

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ABSTRACT

The role of financial markets in Iran (banks) in financing different economical sections is stronger and more prominent than in the capital markets (stock market). Therefore, according to the prominent role of banks in economy of the country, evaluation of their function can be very important. In the free of interest banking operations law,, allocation of financial resources has been announced as one section of main task of bank system. Banks must constantly provide new services according to the society`s diverse needs, because development and growth of a bank is depended originally to the growth of resources value and at the next step to the allocation of that resources. This study aims to evaluate and study the influential factors on allocation of resources through the importance and priority at bank branches (case study Parsian bank).The research method used in this study is explanatory – analytical. Because of the relationship between variables, the present study is correlation one, and is sub cluster analytical regression. Statistical universe of the study includes 60 branches of Parsian Bank in 164 Tehran province branches which their data were available, and its selection and time domain was between 2013-2009.The needed data for this research extracted by financial statements as well as referring to some of said branches. Statistical method used in this research was multivariable regression for main hypothesis and single variable for testing the secondary hypothesis. We collected statistical data of the research during five years and tested the hypotheses by using SPSS software. Our essence in this research through resource allocation was facility payment to the customers. Results of this research indicate that factors of branch liquidity, number of personnel, and number of customers, influence on bank`s resource allocation. In this research, dependent variable was allocation of resource and the independent variables included: Liquidity management, and number of customers, number of personnel, and it is tried to reach the research goals which is the type of relationship between variables.

Keywords: *Bank, Provided Facilities, Management of Equity, Number of Personnel*

INTRODUCTION

Allocation of resources is banks and credit and financial institutions` key and strategic goal, and plays special role in providing services and is an important indicator for evaluation of the bank success.

Nowadays, in comparison with two other sections of economy (industry and agriculture), remarkable share of the whole economy is depended to the service section and in the service section, banks and credit and financial institutions has prominent and great role. Every activity which involves capital acquisition and financial resources, surly will need to the intervention of banks and credit and financial institutions, therefore according to the above mentioned, we can clearly indicate to importance of addressing this subject that banks by allocation of resources can play important role in economy. Allocation of resources was always from the most important tasks of bank system. Banks collect the surplus money and by lending to the applicants, do their traditional tasks, i-e intermediation between depositors and borrowers.

Expressing the Issue

Although factors such as industrialization of societies, development and change at the social activities and consequently, emerging new needs, were important and influential factors in generating and developing financial entities, economic development and advancement is regarded as one of the most important factors in development and modification at the entities. Financial entities in fact evolved to facilitate other

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economical entities and there for it can be said that the enhanced entities and financial markets, along with using new methods, has direct relationship with the amount of country advancement. Under these conditions, absorption of more resources and allocation of these resources are among the subjects that financial and credit entities paid attention to it (Razani, 2010).

Banks as an intermediary of money resources, beside the investment institutions such as insurance and bourse, are regarded as the main elements of financial markets. They are one of the most important factors for financial policies and executors for economic decisions in central bank. Banks by taking and developing the bank credits and guiding the money from one section to the other, beside the help in stabilizing economy at the large scale, have an important role in adjustment of economical sections. Because of un development of capital market in Iran`s economy, banking has more important role and these in fact are the banks that in long term do the financing. In this research Influence of branches liquidity, number of personnel and customer in the absorption and allocation of bank resources, are of special significance and banks with a reasonable branch number and with an active and skilled manpower, and suitable geographical position of branch, can hold out some hope that will reach the goals by providing good interaction with legal and real customers , and by providing services such as facility presenting and receipt of different deposits can increase their profit. May the most important section of bank branches be the relationship between personnel and customers; therefore their interaction can be helpful in the customer absorption.

Influential Components on Allocation of Money Resources in the Contemporary Banking

We will address briefly in this part to present the components that are influential in the absorption and allocation of resources.

Skills of Manpower

In banks and financial institutions, much of the services are provided by manpower and allocating of the resources at the level of global standard involves skilled and educated staff. At the technical dimension, staff must have ability to use new technology and be professional in their job. Staff must at the human dimension, can exchange in the best way with customer and in the perceptual dimension, occupied manpower also must recognize and analyze and solve the customers problems.

Utilizing from expert and good public relation personnel which have the related education and background in order to reduce the amount of the bank performance different with the customers expectation for service providing, is important, because providing bank services related directly to the occupant manpower`s capability in this industry and is regarded as fundamental components of increasing and enhancement of efficiency (Yazdani and Dehnavi, 2010).

Diversity and Quality of Bank Services

Banks must have a new scientific marketing to provide new services and products.

Recognition of customers and their diverse needs is possible by a new marketing. In new banking, banks proceed with a one by one marketing and marketing base on the database to recognize customers and their needs. One by one marketing, means generating and managing personal`s relationship with each of the customers. Nowadays, because of exploiting from computer technology, one by one marketing in the wide range is economical and performable. Technology of date base provides this possibility to the banks that follow their customers one by one.

Surly, allocating financial resources according to the global standards, without marketing and recognizing diverse needs of customers will not be possible.

Since the services in routine life has emerged, the component of service quality also has been attentioned as a main characteristic of competition between organizations so that attention to the quality, has distinguished organization services from its competition and caused competitive advantage acquisition (qobaraan *et al.*, 2004).

Quality often is defined based on the product adaptability with the attributions of custom or with the amount that product can satisfies customer`s previous expectations (Jonson and Nilson, 2003).

It can be said in this connection that those services are qualified that can meet the need and desires of customers. If a service meets customer expectations or is beyond it, it is qualified. Organizations that

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provide constantly qualified services and pay attention to customer`s maintenance and protection, are customer- centered organizations.

May be maintenance and protection of customer is one of most important evaluation measures of quality. In banks and financial institutions, different factors influence on quality of bank services, including: amount of interest rate, supervision and handling of complaints, clearly notifying the customers, velocity and accuracy of provided services, on time fulfilling of liability by institute, politeness and humility of personnel when meet with customers and being secret and confidential with personnel about customer`s information that all of them cause more and more absorption and allocation of financial.

Physical Factors and Conditions

According to the enhancement and severity of competition, service providing at the places and locals that costumers prefer it, is a determinant factor in absorption and maintenance of costumers. So today banks and other service providing organizations proceed to generating branches at different places in order to cover the service providing in a better way and also in wider area (Roosta, 2001).

Designing and Beauty of Internal and External Space of Branches

A beautiful place can influence on the growth of personnel values and increasing of their strength and productivity. In new banking, this issue is among the concerns of the executive managers and chief executive officers. Banks must be equipped to suitable working places that have the working place indexes from physical, social and mental point of view, if they want to absorb more financial resource of costumers (Venuse, 2004).

Physical Possibility of Bank Branches

Physical possibility of bank branches facilitates costumers and personnel activity of bank branch. Bank must regard to different possibilities and physical characteristics including: to have a sufficient space for branch in service providing, suitable furniture at the lounge for costumers, facility of access to financial status by costumers, facility at car parking for costumers, facility at using ATM machine and good access to needed supplies (Abdolbagi *et al.*, 2004).

Numbers of Branches

In the recent years, especially with the entrance of private banks to activity area, we witness a sever competition in establishing bank branches that has become a competitive issue. In this situation is successful a bank that can with a foresight, generate a rational and fair balance between its physical and virtual development so that in the future competitions that number of branches really is not an important indicator, performs more successfully (hkazra, 2006).

Liquidity Management

Liquidity management means bank capacity in performing financial commitments over the time. Liquidity management is one of the main challenges that banking system confronts it. Main reason of this change is that more of banks resources are financed by short term deposits. In addition, the facilities that bank granted, are spent in investment at assets and have a relatively low liquid ability. Liquidity management is also like other managements, a reciprocity between risk and yield: because maintenance of more liquidity at the existed note and coined accounts, inventory near central bank, inventory near other banks and legal stocking, reduces risk and at the same time will take the investment opportunities from bank and also reduce the bank yield. Main task of a bank is to balance between short term financial commitments and long term investment. It is clear that insufficient liquidity will confront with risk of incompatibility in performing the commitments and consequently, bank will be at the risk of bankruptcy. On the other hand, maintenance of large amount of liquidity is also a kind of incompetent allocation of resources that reduces the bank`s profitability rate to customer`s deposits and there for losing market (Ahmadpur, 2008).

Bank Deposits

One of the most important factors in duration and keeping organizations such as bank, is to absorb more and more the financial resources and in the other words, absorption of different deposits and optimum using of these resources in the society`s service, commerce, industrial and underlying issues which meanwhile bank and customer will profit and also economic cycle is moved. Banks by opening different

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accounts and acceptance of savings, long and short term deposits, in addition to keeping the money as a service to their customer, proceed to pay facilities, direct investment and other bank services, by using physical man power. Among the most important duties of bank is liquidity financing for real and legal parties for investment at different contexts and their consumption buying (shadkam, 2008).

Expense Management

Final goal of every economical enterprise is to increase value for stock holders. In fact, in the new conditions of business, constant success of enterprise depends to the value creating for stock holders because holders of assets will invests in a place that its expected yield being acquired. There are different ways to increase the profitability and consequently value generating for stock holders. Although generating suitable asset structure and improving enterprise's portfolio is the most common action to increase value creating, but other important origin of profitability is to manage expenses by different units of an organization (Fahkarian). Rapid and great advancement of technology along with the ever-increasing addition of competition in the world markets has made managers of economical units to produce products that have good quality and provide favorite services to the customers with the least prices (Ebrahimraisi2004 p103). In a simple and brief explanation, expense management is a set of actions that management performs it in order to acquire the customer satisfaction along with a constant reduction in the expenses (Fakharyan abolghasem,N159,p43)

Facilities

Facility granting is the most main activity grounds and most fundamental resource of income financing of banks. Growth and development of economy is impossible without quantity increasing of "capital" factor as one of the production factors and because of different reasons it is not possible for every real and legal parties in all cases and steps of the activity be able to use possibilities and personal money resources to meet existed needs and moreover, pays and receipts of economical units also fitted hardly , therefore they proceed to use needed facility and resources from credit and financial institutions that the most important of them are banks(Hedaiati1993p10-11).

Background of Research

Razani in his thesis by the name of (study and introduce of new and influential method of money resources and money allocation at Tejarat bank of Lorestan province) has addressed to the influential factors on absorption and allocation of money resources in the bank group of Tejarat bank in Lorestan province including easier facility providing, suitable physical space, classification of branch, paying attention to customer, fitted regulation and rules for long term resource absorption andHe also addressed to study of competitiveness degree between country's bank groups, trend of country's money variables during (2008-2002), as well as the said bank function with other bank group. Research method more generally in this study was descriptive- survey.

Yong and Jung studied the long term profitability in Taiwan banks and concluded that bank services are the most important factors in profitability and profit acquisition for studied bank branches. Then , bank personnel was regarded as the second most important and influential factor for resource absorption and its allocation by way of facility granting through acquisition of increased profitability ,profit gaining.

Abhiman *et al.*, by studying some of the big national bank branches in India , reckon factors such as manpower, graduation statutes of personnel, environment of bank, location and place of bank , advertisement, national rules and regulations and reduction of government intervention in the bank affairs as the influential factors on customer's deposit absorption and facility granting. They believe that most important and influential factor of individual's asset absorption and profitability by means of funds allocation, is manpower.

Statistical Society and Method of Sampling

Statistical society is a set of creatures that are our desirous in a certain time and they have at least one characteristic. Characteristic is a kind of feature that is common between all the elements of statistical society and is the differentiator of statistical society from other societies.

There is generally in every society research a statistical society that researcher wants to study about feature (s) of its units.

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Because of quality and easier availability to statistical data in Parsian bank in Tehran, statistical society of present research is the all branches of Parsian bank of Tehran.

From other important aspects in utilizing statistical method is volume of used sample that it is possible to increase the accuracy degree and correctness of statistical inference by increasing its volume.

According to time domain, data of selected branches must be studied for a 5-year period since 2009-2013, and their data must be available. According to its special conditions and case study of Parsian bank branch, in this research 60 branches selected based on the sampling method.

Research Hypothesis

- 1- There is meaningful relationship between liquidity management, with the resource allocation.
- 2- There is meaningful relationship between numbers of personnel, with the resource allocation.
- 3- There is meaningful relationship between numbers of customers, with the resource allocation.

Study of Research Hypotheses

At the previous parts after presenting the issue, we explained the type and method of research. Then we will present the results. Tests results of present research is the yield of analyzed data about variables in the SPSS software for 60 branches of Parsian bank between 2009 to 2013 using multivariable regression and related tests.

Then we will present results of descriptive statistic. These results consist of central indexes such as mean and median as well as indexes of bias and elasticity. Then we will present results of test about validation and sensitivity of research model which are as follow:

- 1- Test of linearity of relationship between dependent and independent variables of model
- 2- Test of independent variable's colinearity
- 3- Test of error distribution normality
- 4- No correlation between model's error

After presenting results from above variable tests and confidence of research model, results from correlation and regression tests will be presented. Then using these results, we will proceed to decision-making about acceptance or rejection each of statistic hypotheses. It is worthy to note that base of inference in acceptance or rejection of research hypotheses, was the level of significance or p-value. In this way, when amount of possibility or significance is less than 0.5, null hypothesis at the level of %95 rejected.

Table 1: Descriptive statistic for research variables

Description	Liquidity management	Pay facility	Personnel number	Customer number
Observation Number	300	300	300	300
Average	1/4522	7/1969	11/9167	1/917
Standard error of average	5/180	1/9949	0/16265	1/1138
Median	1/262	4/2373	12/0000	1/4694
Mod	1000/00	2/69	10/00	9/86
Variance	8.051	1/194	7.936	3/722
Bias	9/784	9/194	2/611	5/014
Elasticity	135/603	103/479	9/931	35/423
Min	708/00	1990/00	8/00	1721/00
Max	142/00	455/00	26/00	2000/00

Concept of significance in correlation is that whether acquired correlation between two variables can be known random or it really shows that there is correlation between two variables.

This issue which shows acquired number is meaningful or not, is more important than acquired number itself.

Correlation Hypotheses are as Follow

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$H_0: \beta = 0$ There is no meaning full correlation

$H_1: \beta \neq 0$ there is meaning full correlation

In this research, before addressing to hypotheses tests, we will address the correlation between variables. As it is determined in the last section, distribution of some of variables is normal and some of them subnormal. Therefore in order to study the correlation between variables, we have used both Pearson and espriman coefficient correlation. Results of the study is illustrated in the below table.

Table 2: Correlation test

variables	Pearsonian correlation			Espirman correlation		
	Pearson correlation coefficient	Level of significance	of significance of correlation	Espirman correlation coefficient	Level of significance	of significance of correlation
Liquidity management	0.123	0.000	significance	0.060	0.297	insignificance
Personnel number	0.466	0.000	significance	0.282	0.000	significance
Customer number	0.584	0.000	significance	0.114	0.049	significance

As it is also revealed from above table, between research dependent and independent variables, a meaningful positive relationship is approved by using Espirman and pearson coefficient correlation except the correlation relationship between liquidity management and resource allocation, and because this relationship is approved by using pearson coefficient correlation, there will not be a problem between variables relation.

Test of Hypothesis

This research consists of three hypotheses which studies relationship between allocation of resources with liquidity management, number of personnel and number of costumers.

In order to test the hypotheses, linear multivariable regression test is used. In this method, all the collected data of 60 companies during 5 years is inserted into the regression equation.

In this research, by using multivariable regression we proceed to determine the regression model. Simple linear regression is conditioned to the significance of coefficient correlation, but existence or nonexistence of multivariable linear regression, have no relationship with significance of coefficient correlation. Except normality of dependent variable, other defaults of multivariable linear regression is nonexistence of correlation itself in the independent variables and nonexistence of co linearity in variables and normality of errors Statistical test for study of correlation itself is the Watson camera test.

Test of First Hypothesis

Statistical hypothesis in form of null hypothesis (H_0) and alternative hypothesis

(H_1) is as follow:

(H_0): There is no meaningful relationship between liquidity management with resource allocation.

(H_1): There is meaningful relationship between liquidity management with resource allocation.

Hypotheses in the form of statistical are as follow:

$H_0: \beta = 0$

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$H_1: \beta \neq 0$

Table 3: Test of first hypothesis

Statistical Method: Mono-Variable, Linear, Regression Model
Branches and the Time-long of Study: 60 Branches for Five Years
The Method of Variable Enter: Enter

		Dependent Variable: Allocation of Resources		
		The level of 95% confidence		
		Meaningfulness of whole model ANOVAs		
Adjusted R square	R square	durbin-watson	Sig	statisticF
0.12	0.15	1.639	0.33	4.591

Test of Second Hypothesis

Statistical hypothesis in form of null hypothesis (H_0) and alternative hypothesis (H_1) is as follow:

(H_0): There is no meaningful relationship between the number of personnel with resource allocation.

(H_1): There is meaningful relationship between the number of personnel with resource allocation.

Hypotheses in the form of statistical are as follow:

$H_0: \beta = 0$

$H_1: \beta \neq 0$

Table 4: Test of second hypothesis

Statistical Method: Mono-Variable, Linear, Regression Model
Branches and the Time-long of Study: 60 Branches for Five Years
The Method of Variable Enter: Enter

		Dependent Variable: Allocation of Resources		
		The level of 95% confidence		
		Meaningfulness of whole model ANOVAs		
Adjusted R square	R square	durbin-watson	Sig	statistic
0.215	.0217	1.562	.000	82.673

Test of Third Secondary Hypothesis

Statistical hypothesis in form of null hypothesis (H_0) and alternative hypothesis (H_1) is as follow:

(H_0): There is no meaningful relationship between the number of customers with resource allocation.

(H_1): There is meaningful relationship between the numbers of customers with resource allocation.

Table 5: Test of third hypothesis

Statistical Method: Mono-Variable, Linear, Regression Model
Branches and the Time-long of Study: 60 Branches for Five Years
The Method of Variable Enter: Enter

		Dependent Variable: Allocation of Resources		
		The level of 95% confidence		
		Meaningfulness of whole model ANOVAs		
Adjusted R square	R square	durbin-watson	Sig	statistic
0339	0.341	1.476	0.000	154.185

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Hypotheses in the form of statistical are as follow:

$$H_0: \beta = 0$$

$$H_1: \beta \neq 0$$

If the effects of applied variables be controlled, generally the model will be significance. In other words, the significance of Anova's column is less than 5%. It shows the effect of independent variables on the dependent variables.

Beta's number shows the type of relation and regression gradient of line. It is positive in the applied variables expect in the branch grade. In other words, by the increase of mentioned variables, resources allocation increases, too. Therefore, with regard to the results of regression and that significance level of all hypotheses are less than 5%, then H1 in all hypotheses is confirmed.

CONCLUSION

Summarization and Conclusion

In hypotheses, the relation between liquidity of branches, number of clients and number of personnel with resource allocation is studied. In this study, we consider the banking payment facility as resource allocation. As specified in the table, relationship between these three variables was confirmed by resource allocation and Pearson correlation coefficient shows a positive correlation between them. This means that branches of Parsian Bank can pay clients more facilities, with increasing branch liquidity, number of clients and personnels, by improving quality and variety of banking services, and therefore create additional income from banking fees for bank.

Future Researches Suggestions

1. It is suggested to do the same research in connection with other public and private banks that are active in Iran and to compare their results with the results of this research.
2. It is suggested to determine and investigate other effective factors on resource allocation such as gold and coin rate, deposits rate, inflation rate
3. It is suggested to investigate profitability amount of all Parsian Banks with regard to available resources and granted facilitations and to compare them with other public and private banks.
4. It is suggested to examine the role of intellectual capital and personnel skills in the allocation of resources.
5. It is suggested to compare successful and unsuccessful branches of Parsian Bank in connection with allocation of bank's resources and to recognize the effective factors in the branches success.
6. It is suggested to perform the same research by questionnaire method in regard to quality variables.

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