Identifying and Prioritizing the Factors to Reduce the Bank's Overdue (Case study: West Azarbaijan Refah Bank)

Vahid Asadpour¹, Abdollah Mahmoodi²

¹. Department of Management, Mahabad Branch, Islamic Azad University, Mahabad, Iran.
². Department of Management, Mahabad Branch, Islamic Azad University, Mahabad, Iran.

Corresponding author email: vahid.asadpour@hotmail.com

ABSTRACT: The current research aims at identifying and prioritizing the factors to reduce the bank’s demands Bank Refah West Azarbaijan province. The indispensable need of institutes and organizations to use the bank’s demands for improve performance of intelligence devices is inevitable one. Generally, the accountancy information should include exclusive features in order to be used in the decision-making process. The quality attributes having to do with these sorts of information, namely relevance and reliability are considered as the determining factors in using the information. The current study has been done applied one in terms of research, descriptive one in terms of data collection, and survey one in terms of the kind of running the procedures. The research statistical society (population) includes the 220 working employer’s tax general office of west Azerbaijan among which 89 individuals have been chosen based on the random sampling method. The questionnaire was used in this research to collect the data including 38 questions whose Validity was acceptable and its Reliability (Cronbach’s alpha coefficient) was 0.729 which reveal the reliability of the questionnaire. The SPSS software was used to do the analysis which surveyed the descriptive as well as inferential statistics using the obtained data of the questionnaire and through using the Kolmogorov-Smirnov, Spearman correlation coefficient, and Friedman test in the statistical analysis.

Keywords: Bank’s demands, Identify, Impact factor, Bank Refah of West Azerbaijan.

INTRODUCTION

One of the important banking procedure is fund attraction and savings as well as using them for providing financial needs of different economic activities. The most facilities are given as loans in conventional banking which has roots in hundred years. The banks turn out to be debtors to individuals and institutes receiving savings and deposits. Considering the duration and passing of time and, the banks pay back their pre-determined interests or original amount. Receiving such deposit and calculating it as well as granting facility and bank credits are performed easily in this banking system (Najaf, 2008). In this research, we tend to identify and prioritize the effective factors to reduce bank overdue of West Azarbaijan Refah Bank.

Statement of problem

Embarking on identifying and prioritizing the effective factors to reduce the bank overdue of this banking section is of great importance since Refah Bank of City and the suburb branches are of consideration because of what they do as service which requires identifying and prioritizing the organizational characteristics as well as the factors contributing to overdue increase and decrease (Amin Jafari, 2002). The importance of identifying and encouraging banks, financial and credit institutes and etc. is due to the fact that one follows the innovative, systematic, comprehensive and perfect methods in order to respond quickly to the current changes of market through increasing liquidity and accessible incomes leading to efficiency increase and that it be stable against the elements threatening economic organizations and banking network (Esbati, 2006). In doing so, the effective factors to reduce bank overdue have been defined as follow via studying books, papers, review of literatures and experts point of view:

- staff training specially those relevant to facility granting
- holding training classes and certified husbandry in order to improve the quality of experts and credit committees leaders
incorporating training and occupational experiences into banks credit staff determining avoiding the incorporation of last-servicing staff into operational procedures of facility granting, instead employing them in political investment of credit granting automated system making based on the customer real evident in granting facilities so as to preventing the influential groups running specific comprehensive software to work on customer credit data of banking network the mentioned issues leads us to stipulate that it is unmatched phenomenon whose importance in this research through identifying and prioritizing the effective factors to reduce the bank overdue (West Azarbaijan Refah Bank) can give rise to the growth and development of those institutes and banks so that one would be able to boost and develop such fields. There are several factors to reduce banks overdue which hare relevant to it.

**Significance of the study**

It is clear that causing any problem in each section will lead to the issues in system processing. So, the accurate and optimal management on such institutes will be described by expenditure management. The recovery of granted facilities in determined duration highlights the accurate implementation procedures and using resources so as to make necessary facilities for expanding economic activities as well as providing financial resources required by different sections of production, commercial, services and bank resource leading to accurate and appropriate locations of investment (Hashemi Nodehi, 1998).

one of the fundamental problems of banks and credit and financial institutes is their overdue and unrecovered facilities since the recovered facilities has not been made completed by customers and part of the facilities remains as uncovered ones. This problem turns out to be one of the key issues in banking system. So, investigation in this field and finding out the roots of such issues in order to prevent the growth and increase of overdue receivables, pave the way for making new incomes leading to the providing of planning power of these institutes in relation to resource consumption and getting higher rates of income (Dutagupta & Cashin, 2008).

This is usually done through the comparison of real procedures data with plans and standards namely, reducing overdue and providing data of decision-making criteria. So, identifying and prioritizing the effective factors on reducing overdue of West Azarbaijan Refah Bank in order to approach the society units is of importance.

**Research goals**

Identifying the affective factors and their contribution to reduce banks overdue
Prioritizing the affective factors to reduce banks overdue

Theoretical principles of research: in order to meet the goals, the first step is identifying the subject through which one can determine the appropriate solutions.

Prioritizing: having identified the problem, one can solve the affective problems.

Banks overdue: in this research, banks overdue definition is used to survey the reduction in overdue which is identified by independent variables and is prioritized by testing.
MATERIALS AND TOOLS

The research method used in this study was descriptive and survey. The statistical society of this research were the staff of Refah Bank (N=220). The questionnaire was distributed to 89 individuals to be evaluated. In order to collect data, several standard questionnaires were used. The questionnaire including determining variables of 55 items in the form of analytic questionnaire of contributive factors to reduce bank overdue and 31 items in the form of reducing bank overdue as ordered which were designed based on Likert scale ranging from 1 (extremely low) to 5 (extremely high) was designed to which the staff provided their ideas through ticking the items.

RESULTS

The study results show that among the 89 statistical individuals, 10 individuals are female and 79 are male which reveal that most of the sample percent is attributed to male and the highest age average of participants is 30-39 years of age. Also, the highest experience of individuals is for 5-14 years of age whose level of education is M.A.

Question 1: what is the extent of West Azarbaijan Refah Bank overdue?

Table 1. Extent of reduction in West Azarbaijan Refah Bank overdue

<table>
<thead>
<tr>
<th>Level of</th>
<th>df</th>
<th>T-value</th>
<th>Mean difference</th>
<th>Average standard mean</th>
<th>Mean</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>significance</td>
<td>191</td>
<td>23.403</td>
<td>1.0781</td>
<td>3</td>
<td>4.0781</td>
<td>192</td>
</tr>
</tbody>
</table>

According to table 1, the significance level is lower than 0.05, so the null hypothesis is rejected i.e. the reduction level of bank overdue of West Azarbaijan Refah Bank is higher than the average. On the other hand, having average as 4.0781 for hypothesis, the calculated t is equal to 23.403 which is higher compared to t, so main hypothesis is accepted.

Question 2: what are the contributive factors to reduce West Azarbaijan Refah Bank overdue?

We use sample quality prior to making analysis.

Table 2. Surveying sampling quality

<table>
<thead>
<tr>
<th>KMO</th>
<th>Estimate of K2 test</th>
<th>Freedom degree</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.681</td>
<td>12234.615</td>
<td>1485</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The Bartlett's test which is an approximate of K2 statistics reveals the matrix determining is rejected according to the lower level of 0.05 significance. Also, KMO index of 0.681 shows that the number of sample is sufficient for analysis. 13 factors were obtained from the analysis in which the first factor determined 22.098% of total variance which is composed of leadership styles indexes, leaders leadership style, encouraging and discouraging system, organic framework, organizational support, organizational justice, solidarity spirit, leader critic-accepting culture in organization, appropriate human relationship system between leaders and staff, leaders leadership style, manual organizational framework, organizational trust, meritocracy system, innovation culture, organizational discipline, staff behaviors, cooperative culture, achieving success, staff organizational position and job interest. Based on the review of literature and described elements, this element is called leadership which is the most important factor of research.

the second element to be considered important from respondents' viewpoint determines 6.464% of total variance composed of staff job satisfaction, service providing culture, individual awareness of their civil rights, staff loyalty, their tendency toward group work, organization code compiling, staff attitude toward organization, deontology and work skill of staff. Also, the following factors are prioritized as highest to lowest.

The third element determines 7.086% of total variance which is composed of appropriate training classes holding, organizational commitment, staff self-esteem and job security feeling.

The fourth element determines 5.246% of total variance which is composed of recognition potential variables, independence and staff freedom in assigned tasks, staff self-efficacy, character and determining the research priorities.
The fifth element determines 5.067% of total variance which is composed of recommendation system variables, clear and evident organizational goals and performance evaluation system.

The sixth element determines 4.914% of total variance which is composed of individual variables and job significance.

The seventh element which determines 4.521% of total variance which is composed of appropriate job rotation system.

The eighth element determines 4.074% of total variance which is composed of staff delegation and optimal control and observation system.

The ninth element determines 3.968% of total variance which is composed of supportive cultural and responsibility variables.

The tenth element determines 3.733% of total variance which is composed of questioning the current status and response spirit.

The eleventh element determines 3.405% of total variance which is composed of level of education and level of knowledge variables.

The twelfth element determines 2.716% of total variance which is composed of appropriate system of reflection in organization and bureaucratic culture.

**Suggestions**

The level of West Azarbaijan Refah Bank overdue is higher than the average. The more the data of economic events and other occurred events leading to the expectation making to the future is of predicting value, the more the overdue increase will be leading to efficiency and optimality of organization activities. This leads to reveal the organization status as appropriate in the society which provides the steps of organization development. So, this depicts that leaders and people in charge should improve and increase banking activities through empowering staff, employing qualified staff, running meritocracy and providing job security for staff.

Prioritizing affects reduction of banks overdue. The more the amount of prioritizing of banks, the more contribution to decision-making will be leading to decision-making improvement. Financial reports are made to meet the organization needs. Hence, the recorded data in financial reports are provided based on the assumption that leaders are well aware of reporting unit activities and kind of accounting. Also, they should have the capability to study the data and embark on doing them. However, those complex data to be assumed relevant should not be ignored by some leaders. The more the value of identifying and prioritizing to be known, the more effects it will have on banks effective decision-making leading to improved decisions. This results in effectiveness and efficiency of organization activities increase.

**REFERENCES**

Dehgan Dehnavi MA. 2005. Development Messenger, “Managing credit risk in banks and credit institutions” Ninth year, No. 53


