

The impacts of deposit growth on the profitability of commercial banks in Tanzania: A case of CRDB Bank Plc, Arusha City Council

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ABSTRACT

This study examines the relationship between deposit growth and profitability at CRDB Bank Plc in Tanzania, using Return on Equity (ROE) as a profitability indicator. The commercial banking sector in Tanzania faces considerable challenges in maintaining profitability due to fluctuating economic conditions and increased competition. Factors such as credit risk management, optimization of capital structure, macroeconomic influences (for example, deposit growth), regulatory compliance, and rapid digital transformation contribute to this complexity, highlighting the need for a deeper understanding of profitability dynamics. Despite a notable rise in deposits, academic literature lacks insights into the direct impact of deposit growth on bank profitability in Tanzania. To fill this gap, the research focuses on CRDB Bank Plc, aiming to shed light on the subtle interaction between deposit levels and ROE. The current study utilized liquidity preference, financial intermediation, and modern portfolio theories. By analyzing quarterly secondary data from 2014 to 2023 and applying correlation and regression analyses on 37 observations, the findings suggest a weak positive correlation between deposit growth and profitability, with a low R-squared of 1.87%. The average ROE was 17.90%, compared to an average deposit growth of 13.08%, indicating that deposit growth is not a significant factor influencing ROE. Therefore, the study recommends exploring additional factors affecting bank performance, including macroeconomic conditions and regulatory compliance, to improve strategic decision-making. Future research should also compare CRDB's performance against industry standards to identify potential improvements, ultimately aiming to support the development of a resilient banking environment that promotes economic growth in Tanzania.

Key words: Commercial Banks, Deposit Growth, Monetary Examiners, Policymakers, Profitability, Tanzania

I. INTRODUCTION

Commercial banks in Tanzania encounter substantial obstacles in sustaining profitability within a swiftly transforming economic landscape, characterized by variable conditions and escalating competition (Qin, 2012; Francisca, 2025) emphasizes that the intricacies inherent in this sector are multifarious, encompassing elements such as credit risk management, optimization of capital structure, macroeconomic factors, adherence to regulatory frameworks, and the rapid evolution of digital technologies. These factors not only impede the operational efficiency of banks but also engender a context in which comprehending the dynamics of profitability becomes increasingly paramount. Notwithstanding the considerable increase in deposits noted in recent years, there exists a considerable gap in the academic literature concerning the direct effects of such deposit growth on the profitability of commercial banks within the Tanzanian framework (Goodhope et al., 2023). As financial institutions endeavor to broaden their portfolios and augment their lending capacities, a sophisticated understanding of these interrelations is crucial for formulating effective strategies that enhance financial performance and resilience.

For the remedy of this knowledge gap, the present study should concentrate on CRDB Bank Plc, a pivotal entity in Tanzania's banking landscape, to investigate the intricate interplay between deposit growth and profitability (Moga & Patrick, 2021). Through a meticulous examination of this phenomenon, the research aspires to furnish significant insights that may assist commercial banks in refining their operational methodologies (Bueno et al., 2024). Specifically, the study endeavors to clarify how heightened levels of deposits can facilitate improved lending capabilities, thereby promoting broader economic advancement by rendering credit more accessible to both individuals and enterprises. Furthermore, by acknowledging that deposit growth constitutes a fundamental catalyst for liquidity, this analysis aims to illuminate the strategic ramifications for banks striving to navigate the challenges posed by a competitive marketplace (Ademe, 2023). Comprehending these dynamics is essential for informing policy-making and nurturing a resilient banking environment that can underpin economic development in Tanzania.



1.1 Statement of the Problem

Tanzanian commercial banks strive to be profitable in the face of shifting market dynamics and heightened competition. Credit risk management, capital structure, macroeconomic variables, market dynamics and rivalry, regulatory compliance, and technological innovation and digitization are some of the difficulties faced by commercial banks (Dacre et al., 2024). Although deposits have increased, little is known about how deposit growth impacts Tanzanian commercial banks' profitability. With a particular focus on CRDB Bank Plc, this study attempts to investigate the connection between deposit growth and Tanzanian commercial banks' profitability. By exploring this issue, the study hopes to shed light on the connection between deposit growth and profitability, which would help commercial banks in Tanzania develop better financial performance plans (Chrisostom et al., 2024). As a result, an increase in deposits boosts a commercial bank's capital, expanding its lending to both individuals and companies and ultimately contributing to economic growth. Additionally, Garr (2021) highlights that increasing deposits enhances banks' liquidity and helps their primary function of financial intermediation by creating relationships that help rescue borrowers. Additionally, it results in increased profitability and revenue.

1.2 Research Objective

To evaluate the impacts of Deposit Growth on Commercial Banks' Profitability in Tanzania, the case of CRDB Bank Plc in Arusha City Council.

II. LITERATURE REVIEW

2.1 Theoretical Review

The current study utilized liquidity Preference, Financial Intermediation, and Modern Portfolio Theories.

2.1.1 Liquidity Preference Theory

John Maynard Keynes introduced the theory of liquidity preference in 1936. It states that investors want more liquidity and that banks must manage liquidity since they must always be ready to meet withdrawal requests. John explained this concept in his revolutionary book, *The General Theory of Employment, Interest, and Money*. This theory focuses on the increase in deposit improving liquidity, and the banks' ability to more profitably invest while still meeting reserve requirements. During uncertain times, individuals prefer liquid assets over illiquid ones. The reward for losing liquidity is the interest, and people want more interest for holding illiquid assets (Ang & Papanikolaou, 2014). Keynes explained the three reasons or motives that prompt individuals to hold money and that help avoid assets. The three motives are transaction, for everyday payment, precautionary, for unplanned expenses, and speculative, to be used in future profit opportunities.

2.1.2 Financial Intermediation Theory

Financial Intermediation Theory was introduced by John G. Gurley and Edward S. Shaw in 1956. This theory highlights the essential function of banks as intermediaries, linking individuals and businesses with surplus funds (depositors) to those requiring financial resources (borrowers). As the amount of deposits in a bank rises, the institution's capacity to provide loans increases correspondingly, fostering a beneficial cycle of financial activity (Trung, 2021). With an increased availability of capital for lending, banks can access a broader array of potential borrowers, which not only promotes economic growth but also improves their revenue streams. As a result, this expansion in lending capacity can lead to increased interest income, making a significant contribution to the bank's overall profitability. Ultimately, the connection between deposit levels and lending ability illustrates the fundamental principles of banking and its influence on the wider economy.

2.1.3. Modern Portfolio Theory (MPT)

Modern Portfolio Theory abbreviated as MPT was initially established by Harry Markowitz in 1952 through his seminal paper titled *Portfolio Selection*, published in the *Journal of Finance*. This theory of diversification asserts that distributing investments across a wide array of assets can significantly reduce overall risk while simultaneously enhancing potential returns. This concept is especially pertinent in the banking sector, where the accumulation of larger deposits enables financial institutions to expand their lending and investment opportunities. With the acquisition of greater deposits, banks are afforded the flexibility to diversify their loan portfolios. This allows them to extend credit across a variety of borrowers in different sectors, such as residential, commercial, and industrial loans, rather than concentrating their resources in just one or two areas. Such diversification diminishes the risk of default; even if one sector faces a downturn, others may remain stable or profitable, thus providing a buffer against potential losses.

The study by Olayinka (2022) commends that increased deposits enable banks to pursue a wider range of investment strategies. They can allocate funds across a mix of assets, including government securities, corporate bonds,

and equity investments. This strategic flexibility not only increases the likelihood of higher returns but also assists banks in managing their risk exposure more effectively. For example, while equities may present greater growth potential, bonds can offer a consistent income stream. By blending these diverse investment types, banks can establish a more balanced risk-reward profile. This study emphasizes the impacts of deposit growth on Banks' profitability to increase in CRDB Plc bank using the theories mentioned and with the use of a quantitative approach.

2.2 Empirical Review

Moga and Patrick (2021) examined the elements influencing the profitability of commercial banks in Tanzania. His research highlighted the importance of efficient asset utilization along with deposit growth to boost profitability, stressing the need for banks to optimize their asset management practices. The study also underlined the role of cost management and loan performance in shaping profitability, necessitating that banks strike a balance between deposit mobilization and effective risk management. By concentrating on these crucial aspects, banks can enhance their financial performance and competitiveness within the market. Efficient cost management and loan performance are vital parts of a bank's overall strategy for maximizing profitability. Banks that effectively manage these elements are more likely to realize improved financial results and long-term sustainability.

The study by Trung (2021) at Moshi University & Ardhi University focused on determinants of commercial bank profitability using the CAMEL model and regression analysis. The study's findings highlighted the significance of liquidity, capital adequacy, and asset quality in promoting profitability in commercial banks. Liquidity, often driven by deposit levels, capital adequacy, and asset quality, was a significant profitability driver. Effective management of these factors is essential for banks to maintain. Therefore, banks need to strike a balance between deposit growth and prudent lending practices to ensure long-term profitability.

The research conducted by Nur et al. (2023) in "The Effect of Deposits and Non-Performing Loans on Bank Profitability," which focused on conventional commercial banks listed on the Indonesia Stock Exchange from 2015 to 2021 and utilized a purposive sample of 41 data points, showed that both savings and non-performing loans significantly impact profitability. This outcome indicates that banks should prioritize the management of deposit growth and non-performing loans to enhance their financial results. Proper management of deposits can supply banks with the funds needed to engage in profitable ventures, while reducing non-performing loans can help mitigate the risk of financial losses. The findings of this study carry important implications for bank management and policy makers, underscoring the need to maintain a stable financial environment. By comprehending how deposits and non-performing loans affect profitability, banks can formulate strategies aimed at optimizing their financial performance. Overall, the study offers meaningful insights into the elements that affect bank profitability within the Indonesian landscape.

The study by Jilenga (2021) examined the factors, including real interest rate, Inflation, Bank deposits, Bank operating expenses and non-performing loans, which influence the Profitability of Commercial Banks in Tanzania, a Case Study of CRDB Bank Plc. The results indicate that bank-specific factors, such as bank deposits, non-performing loans, and bank expenses, are statistically significant on bank profitability. On the other hand, macroeconomic factors were found to be insignificant on bank profitability. The implication for this study is that commercial banks' policies should be geared towards bank-specific factors in enhancing profitability rather than concentrating on macroeconomic factors, which contribute to banks' profitability. The bank deposits mobilized should be used effectively in realizing profitability. In addition, bank expenses should be cost-effective to enhance bank profitability.

Noorani (2020) in the study of the Impact of Macroeconomic Variables on the Profitability of Commercial Banking in Pakistan, the researcher analyzed factors such as exchange rate, inflation rate, interest rate, and financial deepening that have an impact on the commercial banks' profitability in Pakistan. The conclusion was that money supply has a positive and insignificant relation with ROE, inflation has a negative and insignificant relation with ROE, exchange rate has a negative and significant relation with ROE, and interest has a negative and significant relation with ROE.

Ndiege et al. (2016) in their study of the link between financial performance and loan repayment management in Tanzanian SACCOS. In their study, they utilized financial statements data for the year 2012, from 36 SACCOS in Kilimanjaro Region, Tanzania, and used descriptive statistics and regression models in the analysis. They examined the relationship between financial performance and loan repayment capacity. It thus examines the extent to which SACCOS are capable of recovering the loan issued and also the financial ratios that explain loan repayment capacity in SACCOS. The study depicts that there is a severe financial risk management problem among Tanzanian SACCOS. Focusing on sustainability is significant for improvements in loan repayment, but focusing on profitability in SACCOS results in adverse loan repayment. The study asserts that the primary focus of SACCOS should not be profit but members' wealth maximization and sustainability of the institution.

The current study examined the influence of deposit growth on the profitability (ROE) of commercial banks, particularly CRDB Plc in Tanzania.

III. METHODOLOGY

3.1 Research Design

This study adopts a comprehensive quantitative methodology, leveraging secondary data regarding deposit growth for CRDB Bank from the first quarter of 2014 through the first quarter of 2023. The information, sourced from credible financial reports and databases, forms the basis for the analysis. The main objective of the research is to assess CRDB Bank's profitability, evaluated through essential financial indicators, particularly focusing on return on equity (ROE). Importantly, CRDB Bank's annual report for 2024 reveals an impressive ROE of 27.7%, signifying robust financial performance. By analyzing the trends in deposit growth alongside ROE, this study seeks to offer insights into the bank's financial stability and strategic decision-making (Ng'weshemi, 2021). To investigate the interplay between growth deposits and profitability, this study utilizes advanced statistical methods, including correlation and regression analysis, which facilitate a comprehensive evaluation of the relationship within the designated time period (Ruxhoa, 2024).

The quantitative approach adopted in this research demonstrates a careful and systematic method for analyzing the influence of growth deposits on CRDB Bank's profitability (Chusi, 2022). By leveraging extensive financial data and employing sophisticated statistical techniques, the study seeks to offer a detailed understanding of the complex relationship between deposit growth and the bank's financial performance, thus providing significant insights into the broader context of banking dynamics in Tanzania.

3.2 Targeted Population

The targeted population for this study is the CRDB Bank Plc, potentially focusing on quantitative data obtained from documents and an online database.

3.3 Study Location

The researcher decided to conduct this research in the Arusha City Council (ACC), focusing on how deposit growth has an influence on the profitability of commercial banks in Tanzania, a case study of CRDB Bank Plc.

3.4 Sampling Techniques and Size

This study employed a probability sampling technique to select a respondent. In this method, each member has an equal chance of being chosen. Additionally, a purposive sampling approach was used to select a bank with reliable data availability. Similarly, time-series sampling was utilized to select financial data for the specified period referenced. This method facilitated an in-depth analysis of trends and patterns in the bank's financial performance over time. By employing time-series data, the research can uncover correlations and relationships among financial metrics, offering valuable insights into CRDB's financial well-being and strategic decision-making.

3.5 Data Collection Methods

Since the study employed a quantitative approach, the researcher utilized a secondary data collection method. The data were sourced from CRDB Plc in the form of annual reports, publications from the Bank of Tanzania, and financial databases covering the periods from 2014 to the first quarter of 2023.

3.6 Statistical Data Analysis Techniques

The thorough examination of the data reveals significant trends and patterns related to growth deposits and their ensuing effect on CRDB Bank's profitability. Utilizing correlation coefficients and regression models allows us to accurately measure both the strength and direction of the relationship between these variables. This statistical methodology facilitates our understanding of how variations in growth deposits influence the bank's financial performance (Melecky & Rutledge, 2013). Furthermore, a time-series analysis illuminates the evolving characteristics of this relationship throughout the entire duration of the study, allowing us to detect changes and trends over time. This comprehensive investigation not only enhances our comprehension of the elements influencing profitability but also aids in forecasting future financial results based on past data (Ogunwole et al., 2024). Ultimately, these insights serve as crucial tools for strategic decision-making within the bank. The findings underscore the importance of effective deposit growth management in fostering the bank's overall financial health (Ibrohimovich, 2025).

IV. FINDINGS & DISCUSSION

4.1 Quarterly Trends in Return on Equity (ROE) and Deposit Growth

Table 1 shows the Quarterly Trends in Return on Equity (ROE) and Deposit Growth from 2014 to 2023, analyzing the Relationship between Bank Profitability and Deposit Expansion over Time.



Table 1

Quarterly Trends in Return on Equity (ROE) and Deposit Growth from 2014 to 2023: An Analysis of the Relationship between Bank Profitability and Deposit Expansion Over Time

YEARS	ROE(X)	Dep Growth(Y)
2014q1	0.255	0.036
2014q2	0.255	0.036
2014q3	0.34	0.01
2014q4	0.17	-0.01
2015q1	0.247	3.61
2015q2	0.22	0.12
2015q3	0.28	0.07
2015q4	0.24	0.03
2016q1	0.252	-0.03
2016q2	0.188	0
2016q3	-0.12	0.01
2016q4	0.08	0
2017q1	0.14	-0.07
2017q2	0.07	0.07
2017q3	0.064	-0.071
2017q4	0.067	0.133
2018q1	0.075	0.004
2018q2	0.099	0.008
2018q3	0.115	0.016
2018q4	0.083	0.034
2019q1	0.15	-0.073
2019q2	0.173	0.147
2019q3	0.146	-0.032
2019q4	0.143	0.073
2020q1	0.142	-0.028
2020q2	0.142	0.077
2020q3	0.173	0.147
2020q4	0.168	0.083
2021q1	0.176	-0.028
2021q2	0.169	0.14
2021q3	0.285	-0.018
2021q3	0.338	0.08
2022q1	0.291	0.012
2022q2	0.25	0.09
2022q3	0.238	0.069
2022q4	0.264	0.058
2023q1	0.256	0.0361

*Note that q1 to q4 indicate the quarters of a year from 2014 to 2023

4.2 Correlation Coefficient (r)

The correlation coefficient between ROE (Y) and deposit growth (X) is given by the Pearson correlation coefficient formula. $r = \frac{\sum (X-\bar{X})(Y-\bar{Y})}{\sqrt{\sum (X-\bar{X})^2 \sum (Y-\bar{Y})^2}}$

The following steps are required in calculating the correlation coefficient between ROE and Deposit growth. List the data. There are 37 provided pairs of (X, Y) values. Compute means. The mean for ROE is the sum of all entries for ROE divided by the number of observations. And the mean for deposit growth is given by the sum of all entries for the deposit growth divided by the number of observations. Note that, the number observation is 37.

- Mean of ROE (X) ≈ 0.1790
- Mean of deposit growth (Y) ≈ 0.1308

4.3 The Computation of Deviations

(X- \bar{X}), (Y- \bar{Y})



Compute products and squares of the deviations for both ROE(Y) as a dependent variable, and for deposit growth(X) as an independent variable. Where $(X-\bar{X})(Y-\bar{Y})$ as the Product of deviations, and $(X-\bar{X})^2, (Y-\bar{Y})^2$ as the squares of the deviations for both ROE and deposit growth. Later, summation $(X-\bar{X})(Y-\bar{Y})$ and $(X-\bar{X})^2, (Y-\bar{Y})^2$ should be computed and then inserted in the formula. $r = \frac{\sum (X-\bar{X})(Y-\bar{Y})}{\sqrt{\sum (X-\bar{X})^2 \sum (Y-\bar{Y})^2}}$. Finally, the result after plugging numbers into the formula, the Pearson correlation coefficient between ROE and deposit growth is approximately $r \approx 0.137$. This is equivalent to 13.7%. From the result above, this correlation is positive but weak. Suggestion to the ROE is that as it increases, Deposit growth slightly tends to increase, and the relationship is not strong or consistent.

4.4 Regression Coefficients

In Table 2 of the regression coefficient analysis, ROE represents as the dependent variable, while deposit growth is the independent variable.

Table 2
Regression Coefficients

ROE	Coef	Std. Err	t	p> t	[95% Conf. Interval]	
Dep. Growth	0.0214193	0.026257	0.82	0.420	-0.0318853	0.0747239
Constant	0.1762257	0.0156851	11.24	0.000	0.1443832	0.2080681

The current study's findings regarding the effect of deposit growth on the profitability (ROE) of CRDB Plc in Tanzania are in line with the findings that were previously published. In the regression coefficient analysis's Table 2. With a coefficient of 0.0214193, the research demonstrates a positive relationship between deposit growth and ROE, suggesting that a 1% increase in deposit growth is associated with an increase in ROE. The expected gain in ROE is 0.0214%. However, at typical thresholds, the p-value of 0.420 indicates that the link between deposit growth and ROE is not statistically significant.

This conclusion aligns with Jilenga (2021) who indicated that, although deposit growth may have a beneficial impact on ROE, it is not a major factor in the profitability of CRDB Plc. The consistent term, which reflects the predicted ROE value when deposit growth is zero, is statistically significant, suggesting that variables other than deposit growth are affecting ROE. The study's conclusions are in line with earlier studies that have produced contradictory results regarding the link between deposit growth and bank profitability. According to Kwoon et al. (2022), banks like CRDB Plc may need to concentrate on additional elements, such as asset quality, operational effectiveness, and macroeconomic environment, to increase their profitability. The findings of this research suggest that to increase profitability, CRDB Plc and other commercial banks in Tanzania may need to change their strategies rather than depending just on deposit growth. In addition, Lotto (2016) asserted that when creating rules and regulations, legislators and regulators may need to take into account the impact of macroeconomic variables on bank profitability. In general, the study enhances our knowledge of the connection between deposit growth and bank profitability in the Tanzanian banking industry, as well as the importance of additional investigation into the variables impacting bank performance in the area.

A regression model representing ROE as a measure of profitability alongside Deposit Growth is shown below.

$ROE = B_0 + B_1 (\text{Deposit Growth}) + \mu_i$, where B_0 represents the constant of the regression model, and B_1 denotes the coefficient of the deposit growth from Table 4. The regression equation for ROE and Deposit Growth is as follows

$$ROE = 0.1762257 + 0.0214193(\text{Deposit Growth})$$

4.5 Summary Statistics

The analysis of summary statistics in **Table 3** can be interpreted as follows: The summary statistics for Deposit Growth and ROE give useful information about the performance of Tanzanian commercial banks, notably CRDB Plc.

Table 3
Summary for ROE and Deposit Growth

Variables	Obs	Mean	Std. Dev	Min	Max
ROE	37	0.179027	0.09226605	-0.12	0.34
Dep. Growth	37	0.1307865	0.5909152	-0.073	3.61

The banks in the sample had an average ROE of 17.90%, which shows that they made good use of their equity to create profits. The variety of ROE values (-12% to 34%), on the other hand, demonstrates significant variations in performance between banks, suggesting that some banks struggled while others did remarkably well. Similarly, the average deposit growth rate of 13.08% indicates that deposits increased substantially over the course of the research. But a standard deviation of 0.5909 implies significant variation in deposit growth rates, with certain banks seeing huge



increases (up to 361%) while others saw decreases. Some people experienced drops (as high as -7.3%). The current research, which looked at how deposit growth affected the profitability (ROE) of commercial banks, notably CRDB Plc in Tanzania, is impacted by these results. In support, Garr (2021) stated that variations in deposit growth rates and ROE indicate that banks may encounter diverse difficulties and possibilities, and that deposit expansion may not always be a desirable outcome. Consistent driver of profitability among all banks. The variability in deposit growth rates and ROE values may affect the study's results regarding the relationship between deposit growth and ROE. For example, the positive link between deposit growth and ROE may be explained by banks that saw large increases in deposits and a rise in ROE. Conversely, a drop in deposits may have had a detrimental impact on a bank's ROE.

4.6 Regression Analysis of the Relationship between Return on Equity (ROE) and Deposit Growth

The regression analysis results in Table 4 provide insight into the correlation between deposit growth and profitability (ROE) of CRDB Plc in Tanzania.

Table 4

Regression Analysis of the Relationship between Return on Equity (ROE) and Deposit Growth

Source	SS	df	MS
Model	0.005767197	1	0.005767197
Residual	0.303327776	35	0.008666508
Total	0.309094973	36	0.008585971
Number of Obs = 37	Prob> = 0.4202	Ajd R-square = 0.0094	
F(1, 35) = 0.67	R-square = 0.0187	Root MSE = 0.099309	

The positive coefficient of 0.0214193 indicates a correlation between deposit growth and ROE, implying that a 1% rise in deposit growth is related to an increase in ROE, with a 0.0214% rise in ROE. But at typical thresholds, the p-value of 0.420 suggests that there is no statistical correlation between these connections. This discovery is in line with Mukami et al. (2025) who implied that, although deposit growth may have a beneficial impact on ROE, it is not a major factor in the profitability of CRDB Plc. The constant term, which reflects the expected value of ROE when deposit growth is zero, is statistically significant, suggesting that variables other than deposit growth are affecting ROE. The study's results have ramifications for lawmakers and bank administrators. The fact that deposit growth and ROE are positively but statistically insignificant connected implies that CRDB Plc may need to concentrate on other variables to boost profitability. The statistically significant constant term suggests that ROE is influenced by variables other than deposit increase. This study's findings support prior studies (Feng, 2024; Dacre et al., 2024) that have shown varied correlations between deposit growth and bank profitability. The results imply that banks like CRDB Plc may need to broaden their approach in order to increase profitability, rather than just relying on deposit growth.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

Deposit Growth has a positive but statistically insignificant relationship with ROE. The constant term is statistically significant, indicating that other factors not included in the model may be driving ROE. Further analysis may be necessary to identify additional variables that influence ROE. The performance of banks in the study. The average ROE of 17.90% suggests that banks in the sample generated reasonable returns on equity. However, the range of ROE values (-12% to 34%) indicates significant variability in performance across banks. Similarly, the deposit growth rates show high variability, with some banks experiencing significant growth while others experience declines. These findings may have implications for bank management and policymakers seeking to understand the factors driving bank performance.

Therefore, deposit growth has now been identified as a variable that affects commercial bank's profitability for the chosen sample of commercial banks in Tanzania at a slight little rate. This has been observed in a regression equation that for every one unit increase in deposit growth, ROE increases by 0.0214193 or 2.14% which is very small increase. Other researcher stated that, deposit growth is significantly affects commercial banks' profitability but the rate of effect is not stated. It might be that there are other variables that affect commercial banks' performance. Other researchers examined other factors example loan as a variable that affects commercial banks' profitability. Therefore, more research is necessary required to identify other variables that influence the return on equity (ROE). The macroeconomic environment, bank-specific features, and industry-specific elements are just a few of the potential factors that might affect ROE. By studying these elements, researchers and lawmakers may gain a better grasp of the causes of bank profitability and create policies to raise it.



5.2 Recommendations

Conduct a comprehensive investigation of CRDB Bank's budgetary execution, it's essential to incorporate additional important factors that seem to impact Return on Equity (ROE). Looking at patterns over a longer period can offer assistance in recognizing designs that might not be discernible in shorter timeframes. A more careful understanding of the subject can be accomplished by looking at patterns over a longer time period. Short-term instability or variations from the norm may not completely delineate general designs and propensities. The likelihood of finding repetitive designs or patterns increases with the length of the inquiry. Longer lengths give a more comprehensive viewpoint, making a difference to the fundamental causes of patterns. By comparing CRDB Bank's comes about with industry benchmarks, its execution can be arranged within a suitable setting.

Administrative procedures and operational effectiveness are pivotal components affecting a corporation's financial execution and ROE. Successful administrative honing engages organizations to execute operational techniques that upgrade productivity and move forward ROE. A corporation's capacity to adapt to industry changes and improve plays a critical part in setting up its competitive edge and ROE. Advancement permits organizations to stay proactive and responsive to advancing market conditions. By grasping imaginative approaches, enterprises can capitalize on rising opportunities and upgrade their financial execution. Macroeconomic conditions, including financial stability or precariousness, have a significant impact on a corporation's financial execution and ROE. Administrative compliance and corporate administration are crucial for a corporation's long-term sustainability and budgetary astuteness.

An exhaustive understanding of the association between deposit growth and ROE at CRDB Bank is essential to reliably screen financial measurements and upgrade the investigation periodically. This ceaseless preparation empowers organizations to distinguish shifts within the relationship between these two basic measurements, advertising important bits of knowledge into the bank's financial condition and execution. By watching patterns and designs in store development and ROE, investigators can pinpoint regions of quality and shortcomings. Building up an observing plan is fundamental, with smaller organizations likely profiting from month-to-month appraisals and larger substances from quarterly or yearly surveys. Collecting exact and reliable information is additionally pivotal, requiring a comprehensive audit of budgetary explanations and solid sources. A well-organized survey handle prepares groups to remain dexterous and responsive in an always changing commerce scene. By following a normal survey schedule, bits of knowledge remain significant and valuable.

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