The Genesis for the Increase of Non-Performing Assets in National and Private Banks in Iran

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ABSTRACT

The proper and rapid current of the resources and their expenditure in any dynamic economy, especially the banks, presents the ideal use of administrative methods. Therefore, collecting debts in a certain period shows the proper benefits of resources to create the required facilities for developing economic activities and supplying resources needed for different production, commercial, services, and bank sections.

Banks with less non-performing assets. Invest their released resources in new businesses or accept more commitment for payment, which increases the bank's capacity to make plans for consuming the resources, accept commitments, and make income. On the other side, an increase in non-flow assets may cause severe bank management problems not only because of a reduction in assets quality but also because the reduction in bank interests may lead to dangerous interbank problems and difficulties for supplying the investment. As a result, recognizing the effective factors on creating non-performing assets and making the right decision to prevent such assets' rise could decrease the banks' risk in granting loans and increase profitability. According to Garret Ranking Technique, the present study discusses the genesis of non-performing assets in private and national banks and classifies them.

Keywords: non-flow assets, Garret Ranking, the national bank, Private Banks

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1.Introduction

As institutes of finance and service, banks own a crucial role to flow money and wealth in a society and have a unique position in the economy of a country. (Singh Asha 2013) Banks must attract their capital first and offer facilities to other productive and industrial enterprises to improve them to play their role in the national economy very well. As banks have many branches all over the country, They can collect savings easily and grant them to producers, farmers, and people in the business. Therefore, they play an essential role in economic growth and development (Gerlach et al. 2005). That's why it's being said that however it seems, production factors such as capital, work, and technology play the main role in economic activities, the various bank gives a special position to the banks' facilities in terms of attracting savings and granting loans and credits in such a way that some economists believe lack of efficient monetary and financial institutes is one reason that underdeveloped countries have not developed yet.

Even though the central bank, with the assistance of other banks, has done a lot during the previous years, an increase in non-performing assets has not been solved yet. This bank issue is considered to be a severe problem for the economy and banks.

An increase in non-performing assets can have an abnormal affect and endanger bank network performance and national economy indexes, Bhatia (2007). Accumulation of non-performing assets of a bank or institute makes the performance indexes inefficient. Profitability decrease, increase in financial leverages, and even moving toward bankruptcy are several consequences of growing non-performing assets in banks and institutes.

2.Background

Non-performing assets are considered one of the bank crises, which sends a section of bank resources out of the operational cycle temporarily or permanently so that banks encounter various difficulties. In terms of pathology, unpunctual refunds, and an increase in non-performing assets are considered as a combination of external and internal factors. Some research has tried to discuss the genesis why non-performing assets increase in banks that are mentioned in the following.

Ravi Kumar, Subba Rao, and Kusuma (2018) examined the causes for an increase of Npas in Indian banks. In this study, twelve causes are ineffective recovery tribunal, willful defaults, natural calamities, industrial sickness, lack of demand, and change. Policies, defective lending process, inappropriate technology, improper SWOT analysis, poor credit appraisal system, managerial deficiencies, absence of regular industrial visit, after ranking technique, the result that ineffective recovery tribunal got the 1st rank, followed by industrial sickness, change in policies, poor credit appraisal system, defective lending process, lack of demand, inappropriate technology, managerial deficiencies, improper SWOT analysis, natural calamities and absence of regular industrial visit 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th,10th,11th and12th ranks respectively.

Bhatia (2007), in his research paper entitled, "Non-performing assets of Indian public, private and foreign sector banks: An empirical assessment", explored the application of an empirical approach to the analysis of NPAs. The NPAs are considered as an important parameter to judge the performance and financial health of banks. The level of NPAs is one of the drivers of financial stability and growth of the banking sector. This paper attempts to find out the fundamental factors which impact the level of NPAs of banks in India. A framework consisting of two types of elements, viz., macroeconomic and bank-specific parameters, is developed, and the behavior of NPAs of the three categories of banks has been analyzed (Veerachamy, 2006). The bank faces various difficulties in a good performance concerning the priority sector. The researcher in his study deals with understanding primary cooperative agricultural and rural

development in the Dindigul District in Tamil Nadu. The author analyzed and examined through his analysis the impact of overdue of the banks. The study revealed the external factor and internal factor as to the borrower's cause, not making the due and account becoming NPA. Socio-economic institutional, psychological, and political factors. The default in payment of credit is correlated with literacy and illiteracy of a borrower.

Uday (2005). The growing NPA and its implications on the banking system need no emphasis. While there have been several schemes in the past to facilitate the recovery from NPAs, the success of such efforts in terms of NPA reduction has been far from satisfactory. SARFAESI Act much helps the bank in its effort to reduce recovers money from NPAs attempts to provide a glimpse of the Act against this backdrop. The author has cited certain limitations on the Act and emphasized the Supreme Court landmark Judgement in 2004.

Pasadilla (2005), the Philippines has the highest number of Non-Performing Loans in Asia. As a result, the national provided a legal framework through which banks can transfer NPA to a separate entity called Special Purpose Vehicles (SPV), which privately owned Asset Management Companies are. The research paper discussed the problems and rehabilitation procedures, legal bankruptcy reforms, and effectiveness. The author also suggested that banks are trapped between the debtor and Central Bank of the Philippines.

Henry James (2007) deals with the problems on rising volume of overdue of the loan of the banking system both credit cooperative credit societies and commercial banks and other regulating agencies like RBI, NABARD and other policymakers at the national level. It also gave a solution that high overdue payment leads to the bank in inconvenient position at the time of availing refinance facilities from the external sources. The author in his research has preferred drought-prone areas since the trend recovery of loan has been worsening. The demand for recovery was higher than the actual recovery.

Kamal Das (2008), the last two decades, there has been a crisis due to NPA's volume and growth that holds the prime resources resulting in severe strains on the normal resource allocation process essential for development. The author conducted a study on the factors associated with NPA. The study attributes the macroeconomic factor, such as increasing interest, economic slowdown, and currency devaluation. The study's observation led to the systematic framework with a clear objective, flexibility, and adequate financial support that was required to resolve the distressed situation and for the strategy to succeed, adequate legal provisions.

Dutta (2014) studied NPA's growth in the public and private sector banks in India and analyzed sector-wise non-performing assets of the commercial banks. For the purpose of the study, data has been collected from secondary sources such as the report on Trend and progress of banking in India, Report on Currency and Finance (RBI) economic Surveys of India

Kamal Das (2010) analyzes the parameters which are actually the genesis of NPAs, and those are a market failure, willful defaults, poor follow-up and supervision, non-cooperation from banks, poor Legal framework, lack of entrepreneurial skills, and diversion of funds.

Ahmad, and Jegadeesh warren (2013) The current paper is written on the NPA and causes for NPA. Secondary data was collected for five years and analyzed by mean, CAGR, ANOVA, and ranking banks. The banks were ranked as per their performance in managing the NPA "s. The efficiency in managing the NPA by the nationalized banks was tested. Ranjan and Dhal (2013) explore an empirical approach to analyzing the Indian commercial banks' non-performing loans by regression analysis. The empirical analysis evaluates how the NPLs are influenced by three major sets of economic and

financial factors, i.e., terms of credit, bank size induced risk preferences, and macroeconomic shocks.

Joseph and Prakash (2014) deals with NPA trends in the banking industry, the internal, external, and other factors that mainly contribute to NPA rising in the banking industry and provides some suggestions for overcoming the burden of NPA.

Arora and Ostwal (2014) analyze the classification and comparison of loan assets of public and private sector banks. The study concluded that NPAs are still a threat for the banks and financial institutions and public sector banks have a higher level of NPAs in comparison to Private sector banks

Satpal (2014) attempts to determine NPA's actual definition and the factors contributing to the formation of NPAs, reasons for high NPAs, and their impact on Indian banking operations.

3. Data and Measures

An increase in the banks' non-performing assets has been one of the most important challenges in the money market in the past years, and there has been no certain solution for that.

Although monetary politicians have tried solutions such as founding a council to organize non-performing assets in central banks and another council for non-performing assets in other banks, the research indicates that this solution has not paved the way to organize assets.

On the other hand, an increase in non-performing assets in the banking system may weaken the capability of providing services and facilities and, finally, financial imbalance in the future. To say more precisely, an increase in these assets in terms of bank performance may lead to a decrease in service to clients, work efficiency, profitability, an increase in operational costs, etc. In the master section of the economy, it can cause slow cash flow and cash flow variance. There will be no specification and optimization of resources on the production network and country industry inappropriate time. It can also result in unemployment, economic downturn, and instability. Therefore, in this study, we have tried to discuss the genesis for increasing non-performing assets in Iran's national and private banks and their ranking.

3.1. Purpose of the study
Identify the genesis of increase in non-performing assets in national and private banks of Iran
The ranking genesis of increase in non-performing assets to control them effectively by private and national banks

3.2. Data Resources and Methodology
The present study is based on two types of data; primary data and secondary data. The primary data was collected according to the study's subject and through the investigation of respondents' characteristics. 800 people were selected from different classes of employees in the staff department and branches of 5 national banks and 5 private banks. The secondary data is adapted from different articles, magazines, newspapers, and websites.

Validity means a measuring instrument should be able to measure the aimed features or characteristics. The validity is important because inappropriate and inadequate measurement can invalidate any research.

The research variables are extracted from the following studies; Ravi Kumar, Subba Rao, and Kusuma (2018) Dutta (2014) to investigate the questionnaire's validity in this study. When the questionnaire was prepared, it was presented to some experts of the

statistical population, supervisors, and advisors working in the field of banking and finance to be revised, and after being confirmed, it was distributed between the samples.

Reliability means that under similar circumstances, the measuring instruments achieve consistent results. In other words, if a group of people is given measuring instruments for a few times at short intervals, the achieved results are similar. An index called reliability coefficient is used to measure the reliability. The reliability coefficient ranges from 0 to 1.

0 represents the lack of reliability, and 1 represents the maximum reliability. Many methods are used to measure the reliability coefficient of instruments. To measure the reliability of the designed questionnaire in this study, Cronbach's alpha coefficient has been used according to the following equation.

$$\alpha = \frac{K}{K-1}\left(1 - \frac{\sum_{i=1}^{k}S_1^2}{S_{SUM}^2}\right) \tag{1}$$

In this equation:

α: reliability coefficient of the questionnaire

K: the number of questions in the questionnaire

S_i: answers to the i question

S^2: all answers variance

SPSS software has been used to calculate the Cronbach's alpha coefficient, and the result was 0.92 for this questionnaire. It shows that the questionnaire is of high validity.

4. Research methodology

As the present study is looking for the genesis of an increase in non-performing assets in Iran's private and national banks, it is considered an exploratory study. The study has been done in December 2018 and January 2019. The questionnaire and proper sampling have been used to collect data from employees in private and national banks.

The collected data was inserted in the table and was analyzed by statistical instruments such as addition, percentage. Then, Garret Ranking Technique was used for ranking the data, and MS Excel was used to extract results and findings.

The main reasons for the increase in bank non-performing assets have been a challenge in the country banking system.

This challenge is serious in national banks in comparison with private banks.

1) Poor monetary and credit supervisor

The aim of supervision and inspection is clarification and recognition of strong and weak points and suggesting to adjust the operational methods and solutions. But the central bank of Iran is not capable of controlling unauthorized banks and institutes and cannot follow acts such as specifying the interest rate.

2) Poor plans for financial and technical evaluation

Sometimes banks offer facilities for the projects without investigating that project technically or financially. The technical analyses of a project may be suitable, but it's not been investigated financially, and the project owners imagine they would be able to achieve the desired resources from selling productions and providing services and repay the facilities.

3) Corrupted networks of employees in banks

Economic and financial corruption is a severe problem seen in different organizations and companies, and banks are not assumed to be an exception when they grant facilities.

Ignoring morality and being interested in materials have raised corruption in banks. As a result, this is a reason that banks grant facilities to those whose project is not justified, and they aren't interested in repaying the facilities because insufficient collateral has been offered for the facility.

4) Poor Infrastructure
Lack of deterrent instruments in case customers does not repay facilities and lack of an information bank by which the country's economic system can validate business brokers according to real, pure, and accessible information without any bribery or information leakage.

5) Improper SWOT analysis
 These analyses are used for identifying internal weaknesses and strengths and external opportunities and threats that a company, a firm, or an organization encounters. If these analyses are not done carefully by bank experts when they investigate the projects applying for facilities, projects without an economic and financial plan will be accepted, and finally, the non-performing assets will increase in the bank.

6) Inadequate collateral or collateral with suspicious liquidity
Lack of standards to control the collateral has motivated asking for bribery and inappropriate evaluation or using institutes other than banks to do so, and this can raise the volume of overdue of the loan and non-performing assets.

7) Legal actions are time-consuming on collateral
The legal process to issue the order for collecting outstanding liabilities is too slow at the judicial system, and debtors ignore it because they are confident that it would last long for the bank to manage its debts.

8) Lack of appropriate mechanism to control and collect debts
In the internal bank control systems, administrative sections play a crucial role in guaranteeing activity profitability, applicants' authorization, type of collateral, continuous visit on applicant activities of using the fund, and following the process to collect debts.

9) Considering no professional criteria to choose senior managers
One serious challenge in developing countries is choosing managers and the criteria they use. Ignoring the candidate's expertise, experience, efficiency, interests, and talents when appointing them in charge of an organizational responsibility may lead to inappropriate decisions, useless actions, and dependencies on other organizations.

10) Economic sanctions and intensified bank sanctions
During the past few years, some faithful bank customers have been unable to repay the facilities because of financial transaction sanctions.

11) Currency fluctuation in the previous years
Some firms have no problems in terms of economy and profession, and they have been able to reach their goal, but the rule changes and currency fluctuation have made them unable to repay their facilities.

12) Extreme Smuggling of Goods to Country
Unfortunately, smuggling, the drastic catastrophe, although required to fight against, has been getting expansive increasingly because of unqualified management. Statistics show

that the growth in smuggling has disabled the local production and has destroyed the developing structures.

13) The significant difference between the bank interest rate and market interest rate

After the Islamic revolution of Iran, the interest rates for short-term and long-term savings accounts have been different from market interest rates because of gross national production. These results show that the Iranian economy is not stable. It means that during the last year, interest rate change and its relation with inflation and economic growth have been allocated not professionally or on purpose, and this can demotivate debtors to repay the facilities to the bank. Moreover, due to high inflation and negative real interest rate in Iran, time is passing in debtors' favor, and the bank credit value has been decreasing. Because the best policy to get wealthy in inflation is to be in debt.

14) Bank Council Dependence

Sometimes high facilities are paid according to people's relations or unique advice and without any plans. Even when the program or project is not justified, no bank cares for the advice given to repay the facilities.

15) Intentional Default or Dishonest Declaration of Bankruptcy

In some cases, debtors threaten the bank, and they would declare bankruptcy if the bank starts the legal process of collecting debts. Bank will have to accept the conditions to prevent this challenge.

16) Problems due to legislation

Allocating the interest rate is dependent on the permission of unauthorized people and granting the facilities are dependent on relations, problems arising from article 36 of documents and properties registration law and the Act controlling that, granting high facilities to the national companies and organizations, giving away the payment penalties, renewed overdue of the loan, allocating maximum credits and making various rules about the interest rate and facilities has caused many problems in the monetary system of the Iranian economy.

5. Findings

The data were collected by using a questionnaire named an increase of non-performing assets in private and national banks of Iran. It was distributed among employees in the staff department and branches of five national banks and five private banks. When the questionnaires were collected, data were summarized and classified in the table (1). Finally, the genesis of non-flow assets in private and national banks was ranked according to Garret Ranking Technique.

5.1 Ranking the genesis of non-flow assets in private and national banks

16 genesis has been considered as the genesis of non-performing assets in private and national banks, and the ranks given by respondents are shown in tables 2and 3.
1)Poor monetary and credit supervision; 2) inadequate plans of financial and technical evaluation; 3) corrupted networks of employees in banks; 4)Poor Infrastructure; 5)Improper analyses of SWOT; 6)Inadequate collateral or collateral with suspicious liquidity;7)Legal actions are time-consuming on collateral; 8) Lack of appropriate mechanism to control and collect debts; 9)Considering no professional criteria to choose senior managers; 10)Economic sanctions and intensified bank sanctions; 11)Currency fluctuation during the previous years; 12)Extreme Smuggling of Goods to Iran; 13)The

great difference between the bank interest rate and market interest rate;14)Bank Council Dependence; 15)Intentional default or dishonest declaration of bankruptcy; 16)Problems due to legislation.

Table 1. Demographic Profile of the Respondents

Type of bank		National Banks		Private banks	
Demographic Factor		**No. of Respondents**	**Percentage**	**No. of Respondents**	**Percentage**
Gender	Male	165	41%	190	48%
	Female	235	59%	210	53%
	Total	400	100%	400	100%
Age in Years	Less than 25 Years	35	9%	43	11%
	Between 25 to 30 years	80	20%	77	19%
	Between 30 to 40 Years	240	60%	205	51%
	More than 40	45	11%	75	19%
	Total	400	100%	400	100%
Category	Queue personnel	270	68%	290	73%
	Staff personnel	130	33%	110	28%
	Total	400	100%	400	100%

Table 2. Preference and ranking of respondents on Causes for an increase of NPAs in Iranian national banks.

S.No	Causes for an increase of NPAs in Iranian national banks	Rank has given by the respondents															
		1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	14th	15th	16th
1	F1	33	40	52	60	10	23	20	23	15	9	35	0	15	44	18	3
2	F2	10	61	48	56	25	19	28	21	0	12	17	22	8	14	27	32
3	F3	65	48	60	32	25	27	0	23	18	7	19	24	0	30	10	12
4	F4	3	14	12	20	40	38	38	12	29	24	30	26	30	0	49	35
5	F5	29	32	24	28	40	29	28	22	33	16	26	0	35	32	26	0
6	F6	92	70	78	48	20	0	15	5	0	10	6	0	22	23	7	4
7	F7	60	80	65	52	5	14	17	11	15	0	19	5	30	18	7	2
8	F8	15	36	36	0	42	42	25	26	15	28	31	18	12	39	0	35
9	F9	50	65	72	44	23	0	20	14	0	25	20	33	9	21	3	1
10	F10	86	71	42	40	29	18	22	0	14	13	14	0	10	28	6	7
11	F11	50	62	68	55	22	12	11	0	21	5	9	18	0	20	35	12
12	F12	15	19	30	52	0	30	18	18	9	28	25	30	10	55	22	39
13	F13	51	76	29	32	48	0	19	19	34	14	0	25	16	0	24	13
14	F14	85	97	80	44	24	9	3	0	8	12	8	9	0	7	12	2
15	F15	2	12	13	0	20	24	68	55	35	10	16	0	24	46	35	40
16	F16	32	45	35	0	65	35	49	18	51	12	18	12	1	0	10	17

As you can see in table2, 92 respondents out of 400 in national banks mentioned Inadequate collateral or collateral with suspicious liquidity as the first reason, 82 mentioned Economic sanctions and intensified bank sanctions, and 85 mentioned Bank Council dependence the first rank in raising non-performing assets national banks.
As you can see in table3, 105 respondents out of 400 in private banks mentioned corrupted networks of employees in banks as the first reason, and 95 respondents mentioned Inadequate collateral or collateral with suspicious liquidity as the first rank in raising non-performing assets of national banks.

Table 3. Preference and ranking of respondents on Causes for an increase of NPAs in Iranian national banks.

S.No	Causes for an increase of NPAs in Iranian Private banks	Rank has given by the respondents															
		1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	14th	15th	16th
1	F1	93	70	82	42	28	13	10	9	0	15	0	12	10	4	8	4
2	F2	46	39	35	43	28	7	32	22	8	0	12	8	26	35	30	29
3	F3	105	80	86	28	22	7	12	5	20	0	15	10	5	0	2	3
4	F4	15	10	29	45	0	34	0	14	12	13	25	22	26	35	52	68
5	F5	39	42	38	29	32	22	0	18	8	0	20	16	14	28	45	49
6	F6	95	75	90	35	13	25	13	10	0	11	8	4	10	0	5	6
7	F7	68	79	65	40	25	20	0	8	10	13	16	6	18	8	12	12
8	F8	38	18	45	30	18	22	0	21	12	18	0	8	23	30	62	55
9	F9	78	92	73	60	10	13	0	8	7	9	0	10	9	14	12	5
10	F10	69	73	65	32	9	12	25	0	24	10	21	21	10	19	8	2
11	F11	40	55	35	56	20	32	0	37	21	12	14	10	35	8	15	10
12	F12	34	8	38	40	22	20	18	14	9	12	18	18	29	22	25	73
13	F13	65	77	49	32	14	16	9	30	0	12	12	24	0	18	12	30
14	F14	70	65	80	15	24	42	0	0	25	0	12	15	21	10	9	12
15	F15	9	12	28	24	0	12	18	21	0	35	9	10	35	40	72	75
16	F16	48	32	20	60	25	52	0	15	18	22	12	21	15	21	17	22

5.2. The Percent Position and Garret Value

The Garret ranks were calculated by using the appropriate Garret Ranking formula. Based on the Garret ranks, the garret value was calculated. The Garret tables and scores of each cause for raise of NPAs in 2 and 3 tables, and multiplied to records scores in table 4, finally by adding each row, the total Garret score were obtained.

Percent position $= \dfrac{100(\text{Rij} - 0.5)}{\text{Nj}}$

Rij = Rank given for the ith variable by the jth respondent

Nj = number of variables ranked by the jth respondent.

The result is provided in the following table.

Table 4. Percent Position and Garrett Value.

S.NO	100 (Rij – 0.5)/ Nj	Calculated Value	Garrett Score
1	100 (1-0.5)16	3.13	86
2	100 (2-0.5)16	9.38	76
3	100 (3-0.5)16	15.63	70
4	100 (4-0.5)16	21.88	65
5	100 (5-0.5)16	28.13	61
6	100 (6-0.5)16	34.38	58
7	100 (7-0.5)16	40.63	55
8	100 (8-0.5)16	46.88	51
9	100 (9-0.5)16	53.13	48
10	100 (10-0.5)16	59.38	45
11	100 (11-0.5)16	65.63	42
12	100 (12-0.5)16	71.88	39
13	100 (13-0.5)16	78.13	34
14	100 (14-0.5)16	84.38	30
15	100 (15-0.5)16	90.63	24
16	100 (16-0.5)16	96.88	14

6. Calculation of Garrett Value and Ranking

The calculation of Garrett value and ranking of the causes for raise of NPAs by the respondents' national and private banks in Iran.

Table5. Calculation of Garrett Value and Ranking in national banks.

S.No	Causes for the increase of NPAs in Iranian national banks	Rank has given by the respondents																Total	%	Rank
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
1	F1	2838	3040	3640	3900	610	1334	1100	1173	720	405	1470	0	510	1320	432	42	22534	56.34	10
2	F2	860	4636	3360	3640	1525	1102	1540	1071	0	540	714	858	272	420	648	448	21634	54.09	11
3	F3	5590	3648	4200	2080	1525	1566	0	1173	864	315	798	936	0	900	240	168	24003	60.01	6
4	F4	258	1064	840	1300	2440	2204	2090	612	1392	1080	1260	1014	1020	0	1176	490	18240	45.60	15
5	F5	2494	2432	1680	1820	2440	1682	1540	1122	1584	720	1092	0	1190	960	624	0	21380	53.45	12
6	F6	7912	5320	5460	3120	1220	0	825	255	0	450	252	0	748	690	168	56	26476	66.19	2
7	F7	5160	6080	4550	3380	305	812	935	561	720	0	798	195	1020	540	168	28	25252	63.13	4
8	F8	1290	2736	2520	0	2562	2436	1375	1326	720	1260	1302	702	408	1170	0	490	20297	50.74	13
9	F9	4300	4940	5040	2860	1403	0	1100	714	0	1125	840	1287	306	630	72	14	24631	61.58	5
10	F10	7396	5396	2940	2600	1769	1044	1210	0	672	585	588	0	340	840	144	98	25622	64.06	3
11	F11	4300	4712	4760	3575	1342	696	605	0	1008	225	378	702	0	600	840	168	23911	59.78	7
12	F12	1290	1444	2100	3380	0	1740	990	918	432	1260	1050	1170	340	1650	528	546	18838	47.10	14
13	F13	4386	5776	2030	2080	2928	0	1045	969	1632	630	0	975	544	0	576	182	23753	59.38	8
14	F14	7310	7372	5600	2860	1464	522	165	0	384	540	336	351	0	210	288	28	27430	68.58	1
15	F15	172	912	910	0	1220	1392	3740	2805	1680	450	672	0	816	1380	840	560	17549	43.87	16
16	F16	2752	3420	2450	0	3965	2030	2695	918	2448	540	756	468	34	0	240	238	22954	57.39	8

Table 6. Calculation of Garrett value and ranking in private banks.

S.No	Causes for increase of NPAs in Iranian Private Banks	Rank has given by the respondents																Total	%	Rank
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
1	F1	7998	5320	5740	2730	1708	754	550	459	0	675	0	468	340	120	192	56	27110	67.78	3
2	F2	3956	2964	2450	2795	1708	406	1760	1122	384	0	504	312	884	1050	720	406	21421	53.55	11
3	F3	9030	6080	6020	1820	1342	406	660	255	960	0	630	390	170	0	48	42	27853	69.63	1
4	F4	1290	760	2030	2925	0	1972	0	714	576	585	1050	858	884	1050	1248	952	16894	42.24	15
5	F5	3354	3192	2660	1885	1952	1276	0	918	384	0	840	624	476	840	1080	686	20167	50.42	12
6	F6	8170	5700	6300	2275	793	1450	715	510	0	495	336	156	340	0	120	84	27444	68.61	2
7	F7	5848	6004	4550	2600	1525	1160	0	408	480	585	672	234	612	240	288	168	25374	63.44	5
8	F8	3268	1368	3150	1950	1098	1276	0	1071	576	810	0	312	782	900	1488	770	18819	47.05	13
9	F9	6708	6992	5110	3900	610	754	0	408	336	405	0	390	306	420	288	70	26697	66.74	4
10	F10	5934	5548	4550	2080	549	696	1375	0	1152	450	882	819	340	570	192	28	25165	62.91	6
11	F11	3440	4180	2450	3640	1220	1856	0	1887	1008	540	588	390	1190	240	360	140	23129	57.82	9
12	F12	2924	608	2660	2600	1342	1160	990	714	432	540	756	702	986	660	600	1022	18696	46.74	14
13	F13	5590	5852	3430	2080	854	928	495	1530	0	540	504	936	0	540	288	420	23987	59.97	8
14	F14	6020	4940	5600	975	1464	2436	0	0	1200	0	504	585	714	300	216	168	25122	62.81	7
15	F15	774	912	1960	1560	0	696	990	1071	0	1575	378	390	1190	1200	1728	1050	15474	38.69	16
16	F16	4128	2432	1400	3900	1525	3016	0	765	864	990	504	819	510	630	408	308	22199	55.50	10

As you can see in Table 5, the Bank Council's dependence against organizations is ranked. First, Inadequate collateral or collateral with suspicious liquidity is ranked as the second reason, and the rest are ranked respectively in raising non-performing assets of national banks by the respondents.

As you can see in table 6, corrupted networks of employees in private banks are ranked. First, Inadequate collateral or collateral with suspicious liquidity is ranked the second in raising non-performing assets of private banks, and the rest of the items are ranked respectively.

Respondents Preference of Causes for the increase of NPAs using Garrett value shown in figure 1.
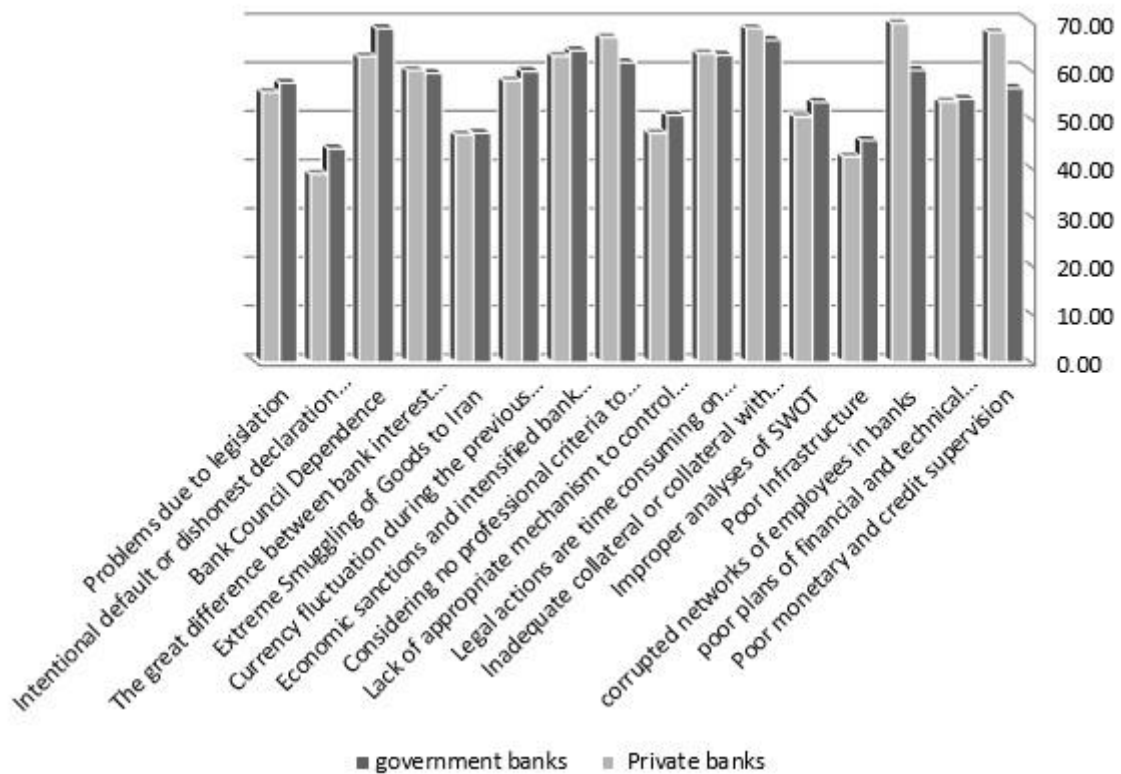
Figure1. Respondents Preference of Causes for the increase of NPAs using Garrett Value

7. Conclusion

The problem of increase in non-performing assets has been increasing continuously, and considering the expansive role of banks in different sections of the economy and because the Iranian economy is the bank- centered, the increase in non-performing assets will happen in the whole economy (Singh Asha, 2013)

The future of the banking system and their bankruptcy in Iran is seriously affected by non-performing assets, and the banking system cannot solve this problem by itself because of external factors, lack of internal motivation, and the oppression of the economic atmosphere.

According to Tables 5 and 6, the critical genesis for non-performing assets in national banks include inefficient management charged by unauthorized people and collateral evaluation. The first ranked reason for private banks is corrupted networks of employees in banks, which is a result of poor management. However, the indices' priority in research is not consistent with Ravi Kumar, Subba Rao, and Kusuma (2018). Therefore, considering these geneses and their ranks in tables 5 and 6, practical solutions are suggested which are as follows: less direct and indirect interference of national and members of parliament in granting bank facilities, appointing experts to

evaluate the collateral, selecting dependent and qualified managers, more cooperation and communication with the inferior organizations such as the cooperation of judiciary with banks on collecting debts, publishing bank debtors blacklist, exact validation, creating information bank, official conflict with the offenders, strengthening the central bank and finally outsourcing the credits to get rid of non-performing assets.

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