

Customer Satisfaction On Consumer Finance by Corporation Bank – a Study with Special Reference to Coimbatore City



Finance

KEYWORDS : Customer Satisfaction, Consumer Finance, Bank.

Mrs. C. Indhumathi

Ph.D Research Scholar, Department of Commerce, Karpagam University, Coimbatore21, TamilNadu, India

Dr. P. Palanivelu

Professor, School of Commerce and Management, Karpagam University, Coimbatore21, TamilNadu, India

ABSTRACT

Banks nowadays play greater stress on consumer banking. In the coming years, with a view to achieve higher profitability banks will concentrate in consumer finance. Technology has paved way for expanding the horizon of consumer finance and has smartened up the said business of banking. Increasing industrialization and a fast growing economy has led to aspiration for a better life style and expectations of higher quality products & services. In order to attain and keep pace with such a standard of living, the average consumer is borrowing larger amounts of credit on a relatively regular basis. The interview was conducted with 112 respondents who availed credit from Corporation bank in Coimbatore city. On the basis of findings it is revealed that the customer are generally satisfied with services provided by the Corporationbank

Introduction

Banking is extremely important in the world’s economy. The emergence of globalization has changed the whole scenario of the banking functions in the recent years. Banks now a days play greater stress on consumer banking. Retail banking generally refers to offering financial services, products related to deposits and assets to individual customer for personal consumption. Banks concentrate on various segment like professionals, housewives, pensioners, children, salaried class etc.,

Retail banking has been at the forefront of the growth for many a consumer economy worldwide. Following globalization in India, the FMCG (Fast Moving Consumer Goods) and consumer durables products opened up to international players. Retail banking made strong inroads into Indian banking as well.

Statement of problem

Consumer finance is that part of financing that provides assistance to buy consumer electronics and durables. It is one of the potential areas of growth. The companies are increasingly using consumer financing as a marketing tool. There are some problems relating to consumer finance. The procedure involved, availability of different lending agencies often leads the borrower in a confusing state of affairs. Existence of different interest rates, condition involved confuses the borrower in the selection of a particular lending agency.

Despite of these difficulties and problems, one can easily presume that consumer finance is here to stay. It can be observed through the changes in the Indian consumer’s attitude towards credit purchases or buying through consumer finance schemes.

Objective of the study

- To examine the reason for preferring the particular source.
- To find out the level of satisfaction of the borrower.
- To trace out the problems faced by the borrower of consumer finance
- To suggest suitable methods for the improvement of consumer finance.

Methodology

Source of data

Both the primary and secondary data are collected for the purpose of the study. Primary data has been collected from the respondents with the help of a well-structured Interview Schedule.

Area of the study

The data has been collected from the respondents in the Coimbatore city

Sample size

The data was collected from 112 respondents.

Statistical tool

The statistical tool used in the analysis of data is Percentage analysis, Chi. Square analysis ANOVA, Garrett’s ranking technique, Pearson’s Correlation and T test.

Limitations

- The sample group was restricted to 112 respondents in Coimbatore city.
- The finding is applicable only to the selected sample and they cannot be generalized.

Review of Literature

VigneswaraSwamy (2012), in his study “A Comparative Study of the Borrower Perception of Retail Lending in Private and Public Sector Banks in India” has stated that retail lending in India is becoming an important segment of bank credit. It holds the key to the inclusive, comprehensive and pervasive growth of India. India’s retail-banking assets size is expected to grow at the rate of 18% a year over the next four years. Private Banks are found to be comparatively better in Services and Marketing of loan products and Public Banks in Economic value and convenience among the perception of the borrowers of retail lending.

Table No 1
Table showing the relationship between respondents residential area and opinion on amount of loan sanctioned

Residential area	Opinion		Total
	Adequate	Inadequate	
Rural	33(100%)	0	33
Urban	44(91.66%)	4(8.34%)	48
Semi Urban	31(100%)	0	31
Total	60	30	112

Degrees of freedom=2

Calculated value $\chi^2=5.60$

Table value at 5% level = 5.99

H_0 = There is no relationship between the residential area of the respondent and opinion on amount of loan sanctioned.

The above table reveals that majority of the respondents residing in urban area are by the opinion that the loan amount sanctioned is adequate. Since the table value is greater than the calculated value (5.60) the H_0 is accepted.

Table No 2
Table showing the relationship between respondents age and opinion about amount of loan sanctioned

Age	Opinion		Total
	Adequate	Inadequate	
Below 25 years	14(77.77%)	4(22.23%)	18
26- 40 years	59(100%)	0	59
Above 40 years	35(100%)	0	35
Total	108	4	112

Degrees of freedom=2
 Calculated value $\chi^2=23.45$
 Table value at 5% level = 5.99

Ho= There is no relationship between respondents age and opinion on amount of loan sanctioned.

It concluded from the above that the majority of the respondents opinion about amount of loan sanctioned is adequate. Since the calculated value(23.45)is greater than the table value the Ho is rejected.

Table No 3
Table showing the relationship between educational qualification and opinion on rate of interest

Educational qualification	Opinion			Total
	High	Normal	Low	
Higher Secondary	1(5.88%)	10(58.82%)	6(35.30%)	17
Diploma	5(26.32%)	7(36.84%)	7(36.84%)	19
Graduates	15(19.73%)	22(28.94%)	39(51.33%)	76
Total	21	39	52	112

Degrees of freedom=4
 Calculated value $\chi^2=6.98$
 Table value at 5% level = 9.48

Ho= There is no relationship between educational qualification and opinion on rate of interest.

It could be seen from the above table that majority of the respondents opinion about the rate of interest is lower. As the calculated value (6.89%) is lesser than the table value the Ho is accepted.

Table No 4
Table showing the relationship between educational qualification and opinion on the formalities

Educational qualification	Opinion			Total
	Very easy	Easy	Cumbersome	
Higher Secondary	8(47.05%)	7 (41.17%)	2(11.78%)	17
Diploma	-	14(73.68%)	5(26.32%)	19
Graduates	25(32.89)	49(64.47%)	2(2.64%)	76
Total	32	70	9	112

Degrees of freedom=4
 Calculated value $\chi^2=26.64$
 Table value at 5% level = 9.48

Ho= There is no relationship between educational qualification and opinion on formalities.

Since the calculated (26.64%) is higher than the table value the Ho is rejected. Hence it is concluded that there exist relationship between educational qualification and opinion on formalities.

Table No5
Table showing the relationship between respondents occupation and opinion about amount of loan sanctioned

Occupation	Opinion		Total
	Adequate	Inadequate	
Govt. Employed	13(100%)	0	13
Business	36(92.30%)	3(7.70%)	39
Private employed	59(98.33%)	1(1.67)	60
Total	108	4	112

Degrees of freedom=2
 Calculated value $\chi^2=2.98$
 Table value at 5% level = 5.99

Ho= There is no relationship between respondents occupation and opinion on amount of loan sanctioned.

Since the calculated value(2.98)is lower than the table value the Ho is accepted.

Table No 6
Table showing the relationship between occupation and opinion on the formalities

Occupation	Opinion			Total
	Very easy	Easy	Cumbersome	
Govt. Employed	2(15.38%)	9(69.24%)	2(15.38%)	13
Business	26(66.66%)	12(30.76%)	1(2.58%)	39
Private employed	5(8.33%)	49(81.66%)	6(10.01%)	60
Total	33	70	9	112

Degrees of freedom=4
 Calculated value $\chi^2=41.8$
 Table value at 5% level = 9.48

Ho= There is no relationship between occupation and opinion on formalities.

Since the calculated (41.8%) is higher than the table value the Ho is rejected. Hence it is concluded that there exist relationship between occupation and opinion on formalities.

Table No 7
Table showing the relationship between monthly income and opinion on the rate of interest

Monthly income	Opinion			Total
	High	Normal	Low	
Up to Rs.5,000	6(50%)	4(33.33%)	2(16.67%)	12
Rs.5,001 to Rs.10,000	10(16.66%)	29(48.33%)	21(35.01%)	60
Rs.10,001 to Rs.15,000	2(9.90%)	1(4.54%)	19(86.37%)	22
Above Rs.15,001	3(16.66%)	5(27.77%)	10(55.57%)	18
Total	21	39	52	112

Degrees of freedom=6
 Calculated value $\chi^2=31.18$
 Table value at 5% level = 12.59

Ho= There is no relationship between respondents monthly income and opinion on the rate of interest.

Since the calculated value(31.18)is higher than the table value, the Ho is rejected.It is intended that there exist relationship between the respondents monthly income and opinion on the rate of interest.

Table No 8
Table showing the ratings of the reason for selecting the bank

Factor	1	2	3	4	5	6	7	8	Total	Rank
SCORES	73	68	59	53	47	40	32	21		
Simple procedure	9	11	26	20	20	11	10	5		
XG1	657	784	1534	1060	940	440	320	105	5824	IV
Low rate of interest	5	13	24	16	35	12	3	3		
XG2	165	884	1416	848	1692	480	96	63	5844	III
Convenient installment	26	25	28	25	5	0	3	0		
XG3	1898	1700	1452	1325	285	0	96	0	6926	II
Timely finance	46	29	14	7	12	3	1	0		
XG4	1358	1912	826	371	564	120	32	0	7243	I
Sufficient amount sanctioned	17	6	8	11	28	25	20	2		
XG5	1241	406	472	583	1081	1000	640	42	5457	V
Acc outholder	0	17	18	11	8	0	12	46		
XG6	0	1156	1062	343	376	0	314	965	4527	VI
Proximity	0	0	1	3	16	48	21	16		
XG7	0	0	59	159	752	1920	896	335	4122	VII
Service	0	0	1	1	16	20	37	39		
XG8	0	0	59	53	752	800	1120	119	3603	VIII

From the table it is found that the bank is chosen for its timely finance (Rank I) and easy installments (Rank II)

Table No 9
Table showing the comparison onthe basis of educational qualification.

Qualification	Mean
Higher secondary	17.7647
Diploma	17.6842
Graduates	17.5921

Source	Sum of squares	Df	Mean square	F	sig
Between Groups	0.472	2	0.236		
Within Groups	431.519	109	3.959	0.060	0.942
Total	431.991	111			

Ho=Respondents with different educational qualification do not differ in their opinion on satisfaction.

From the significance level it is understood that the Ho is accepted. The average scores indicate that respondents living in urban, rural, semi urban have same level of opinion on service provided by the banks.

Table No 10
Table showing the comparison onthe basis of monthly income.

Income	Mean
Up to Rs.5,000	18.2500
Rs.5,001 to Rs.10,000	17.1167
Rs.10,001 to Rs.15,000	17.9545
Above Rs.15,001	18.5556

Source	Sum of squares	Df	Mean square	F	sig
Between Groups	38.159	2	12.720		
Within Groups	393.832	109	3.647	3.488	0.018
Total	431.991	111			

Ho=Respondents with different income level occupation have same opinion on satisfaction.

From the significance value in the table it is conclude that the opinion differs from one group to another.

Table No 11
Table showing the relationship between income and loan available.

Income	0.136
Loan available	0.153

r=0.136

Pearson’s Correlation

To find out the relationship between two variables namely income and loan available Pearson’s Correlation is used. From the above table it is inferred that the relationship is positive. That is when income increases the loan available also increases. But significant level indicates ‘r’ is not significant in the population.

Findings

- Opinion on amount of loan sanctioned is significant with residential area.
- Opinion on amount of loan sanctioned is insignificant with age.
- Educational qualification is significant with opinion on rate of interest.
- Educational qualification is insignificant with opinion on formalities.
- Occupation is significant with opinion on amount of loan sanctioned.
- Occupation is insignificant with opinion on formalities.
- Monthly income is insignificant with opinion on rate of interest.
- From this study it is understood that customer selected the bank for its timely finance and easy installment.
- The different educational qualification have same level of opinion on satisfaction.
- Respondents of different monthly income have different opinion on satisfaction.
- It is observed if the income increases the loan available also increases.

Suggestions

The following measures are suggested by the researcher to improve the service by the banker.

- Legal formalities regarding the loan can be minimized.
- The banker should concentrate on marketing side. Agents may be given proper training and effective advertisement may be given through proper media.

Conclusion

Banks now a day playing a vital role in the financial sector. They provide various types of loans to satisfy the various needs of the people. The customer are generally satisfied with services provided by the corporationbank especially they are satisfied with loans sanctioned in time with easy installment.

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