



Project Report on Customer Preference Towards Selected Loan in Karur Vysya Bank

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ABSTRACT

The main objective of the project is to assess the customer preference towards selected loan in Karur Vysya Bank. The bank has got more than 10000 customers who make frequent transactions with the bank. The bank wants to know about the customer preference in below listed loans

- Home loan
- Education loan
- Two wheeler loan
- Rent fix loan
- Flexi mobile loan

The bank carries banking process with a tradition of 95 years and yet is young enough to adapt itself to the rapidly changing scenario in the banking industry. Karur Vysya Bank was started in the year 1916 in Karur, then a small textile town with a vast agricultural background, by two illustrious sons of the soil – Sri M.A. Venkatarama Chettiar and Sri Athi Krishna Chettiar. What started as a venture with a seed capital of Rs. 1.00 lakh has grown into a leading financial institution that offers the wide gamut of financial services to millions of its customers under one roof.

The sample size of the study is 200 taken from the highly populated pool of customers. The 200 customers are those who make frequent transactions with the bank. The study is confined to primary and secondary objective. The primary objective is to know about the retailer satisfaction level and the secondary objective is to suggest the bank about the changes to be made to increase the satisfaction level of the customers.

The tool used in the study for data collection is questionnaire. The questionnaire comprises of 20 question related to the psychology of the customers in steel market. The statistical tool used in the study is percentage analysis. Data collection process will be conducted during the working hours of any retail outlet and the data will be collected from the customers of Karur Vysya Bank.

KEYWORDS

Objectives

Primary objective:

- To assess customer preference towards selected loan in Karur Vysya Bank
- To analyze the customers attitude towards the loan availing activity

Secondary objective:

To suggest the bank about the changes to be made to enhance the preference of the customers.

Scope of the research

The study is conducted based on the customer database in Karur Vysya Bank.

The study will help the bank to know the customers preference and attitude towards loans.

The recommendations and suggestions will help the bank to make a considerable changes.

Review of literature

Mohamadlruwab bin Ghuslan (2010) conducted a study on "Factors Affecting Commercial Bank Lending Practices in the Malaysian Farm Sector" and examined the lending practices of Malaysian commercial banks in the agricultural sector and analysed the relationship between bank lending practices such as credit analysis, collateral policy and pricing policy to the agricultural sector and the results were commercial banks play a very important role as financial intermediaries, because they can be more involved by injecting more funds that will benefit farmers and agro-based entrepreneurs

and the government should play its role to ensure that agricultural financing continues to progress.

Aldo Letizia (2010) conducted a study on "The overhaul of the existing lending rate practice is the need of the hour and the system would adjust to the new regime over a period of time. Economic prosperity is linked to the level of interest rates and availability of resources for productive uses. Till the late 1980s, we have seen highly administered interest regime in India, on both the liability and asset side. With the introduction of financial sector reforms in the early 1990s, most of the interest rates on the lending side were freed. With a view to encourage competitive loan pricing, RBI freed lending rates of scheduled commercial banks for credit limits of over Rs 2 lakh along with the introduction of the Prime Lending Rate (PLR) system in 1994. Subsequently, we moved into a regime of Benchmark Prime Lending Rate (BPLR) in 2003 and it was expected to reflect the actual cost of the banks. But as competition intensified, many of the loan products were getting priced below base rate and the concept of BPLR as a transparent benchmark reference rate lost its relevance. Cross-subsidization was considered as the main cause for this type of situation. It was observed that corporate were getting loans at very cheap rate at the cost of, probably, all other segments of the society who do not have the necessary bargaining power.

Research methodology

- Type of research : Descriptive
- Area of study: Ooty
- No of samples used for the study: 200
- Type of sampling: Random sampling
- Tools used for the study: Percentage analysis and, chi-square

Data analysis and interpretation

Factors	Particulars	No of respondents	Percentage
Age	below 20	23	11.5
	20-30	60	30
	30-35	45	22.5
	35-40	49	24.5
	Above 40	23	11.5
Gender	Male	140	70
	Female	60	30
Educational Status	12 th	15	7.5
	UG	110	55
	PG	40	20
	Others	35	17.5
Occupation	salaried	121	60.5
	Business	42	21
	professionals	17	8.5
	Others	20	10
Income	Below 5000	22	11
	5001-15000	85	42.5
	15001-20,000	46	23
	Above 20001	47	23.5
Preference of loans from KVB	Quality of service	42	21
	Satisfied interest rates	112	56
	Handling of clients	16	08
	Extension of due date	30	15
Lending rate comparison	Low	42	21
	Medium	142	71

Interpretation

In analyzing about the age of the respondents 30% of respondent belong to the age between 20 years to 30 years, 24.5% are of the respondent belong to age factor of 35 to 40 years, and 22.5% of the respondent belong to the age factor of 30-35 years. In analyzing about the gender of the respondents 70% of the respondents are male and 30% of the respondents are female. 55% of respondent qualified is up to UG level, 20% are qualified up to PG and 7.5% are qualified up to 12th. 60.5% of respondent are salaried persons, 21% of respondent are business people and 8.5% of respondent are professionals, and 10 % are others. 42.5% of the respondent's monthly income are between Rs.5000-15000, 23% of the respondents year from 15001-20000, and 23.5% of the respondents are yearning above 20001. 55% and 45% of respondent are invested in commodity. 59.5% of the respondents are married and 40.5% of the respondents are unmarried. 69.5% of the respondents have savings account and 13% of the respondents have current account and 17.5 percentage of the respondents have fixed deposit account. 16% of the respondents hold their accounts in the bank for 5- 10 years and 9% of the respondents hold their accounts for more than 10 years. 36% of the respondents say that they opened the account by reference from sales team and 34% said that they opened by the reference of friends and relatives and 21% of them they said they opened through Neighbors. 71% of the respondents said that the interest rate is low when compared to other banks , 21% said as low and 08% said as high. 55.7% of the respondents said that they are satisfied with interest rates and only 8% they are satisfied with extension of due dates . 37.8% of the respondents said that they are satisfied with quality of service and only 17.9% said that they are satisfied with interest rates. .

Chi square

Ho: There is no relationship between age and awareness of respondent

Factors	P value	Chi-square value	Result
Awareness of educational loan	5.626	0.229	Accept
Awareness of home loan	2.261	0.688	Accept
Awareness of vehicle loan	7.652	.105	Accept
Awareness of rent fin loan	10.310	0.036	Reject

Interpretation

The above table shows about the comparison between age and level of awareness were there is a relationship age and Awareness of rent fin loan of KVB as the hypothesis is below 0.05.

Findings and suggestions

In the branch many of the respondents are having saving account, so the bank can give more offers to sustain the clients with the branch and increase it to the maximum.

Only minimum number of employees have opened their account by means of sales representatives. So the bank can concentrate keen on representatives so that new clients can be acquired and the volume can be increased.

Maximum of the people have not borrowed any loans from the bank. It shows that there is an huge opportunity to concentrate on loan sector of the branch.

Only very less people are aware of rent fin loans and the bank can concentrate more on educating clients about rent fin loans.

Many of the respondents give more priority to educational loans. So the bank can concentrate more on educational loans to promote it further to the clients.

Only 40.5% of the respondents said that the interest rates for loans are moderate. So the bank can take remedy measure and compare the interest rate with other banks which leads to increase in clients to the branch.

Many of the clients feel that the processing time for loan is not up to the mark. If the processing time is been reduced then it will lead to increase in the clients in the branch.

25.5% say that the EMI provided by the bank is poor, So the bank can concentrate on EMI schemes involved in the branch.

Maximum of the respondents say that they are not aware of the interest rate is been controlled by RBI. So the bank can conduct an awareness class to educate the people about the regulations of RBI and interest rates.

Conclusion

In the overall study we have seen more about the interest rates that is been provided by the bank and the satisfaction and awareness of the clients in the bank. The study clearly shows that the performance of bank is good in case of service and interest rates. And there is also certain drawbacks with the bank which can be reduced in time period.

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