



2. Customer Post Purchase Behavior Towards Retail Lending – A Study of Selected Banks in Chennai City

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ABSTRACT

A financial institution which lends financial services to its customers is called has a “Bank”. It is generally treated as an institution which provides fundamental banking services like accepting deposits and providing of loans. It also provides certain banking services without meeting the legal definition of a bank and they called as non – banking services. However, banks are an integral part of the financial services industry. A system of banking is thus referred to as “a system which offers cash management services reporting the transactions of the accounts of customers and portfolios during its working hours”. Retail lending concepts are quite broad in nature. It refers to the working of commercial banks which individual customers, both on liabilities and assets sides of the balance sheet. The most important products offered by banks in the case of retail banking are fixed, current/ savings accounts on the liabilities side; and mortgages, loans on the asset sides. Retail banking is not a new concept but it is now referred as an important and attractive market segment that provides opportunities for growth and profits. Retail banking and retail lending are often used interchangeably but in reality the latter is just the part of the former term.

Retail banking satisfies all the needs of individual customers in a well-integrated manner.

KEYWORDS

Retail lending, purchase behavior, lending loans, Retail banking, Opportunities for growth in banking.

Introduction:

Need of The Study:

Retail banking is a term which came into existence some years ago but there is a tremendous changeover had happened in the 21st century. Retail banking is very much familiar nowadays and it has a great impact since it came into existence.

Being customers as the king in consumerism, the study about retail banking is undertaken. Retail banking provides the opportunities for doing regular banking transaction for individuals and small businesses. Retail banking is not only favored for the consumers but is also an important and attractive market segment that provides opportunities for banks in growth and sustaining in the market.

Review of Literature:

- **Karthikeyan (2014)¹** in his research on “a study on customer preferences towards loans and advances with reference to Lakshmi Vilas Bank” analysed the customer preferences towards various schemes and satisfaction level of loans and advances. The descriptive research design was used on the basis of convenience sampling method. It was found that loan products offered by Lakshmi Vilas Bank are satisfactory when compared to others branches situated in nearest places. To compete, the bank should introduce more products including loans.
- **Nilesh A.Rote and S.T. Anrangabdkar (2015)²** in his research on “study on customer satisfaction for services provided by bank of Maharashtra” aimed to study on customer satisfaction with the services provided by Bank of Maharashtra to salary account customers in Nasik city. The study found that customers are satisfied with the services provided by bank. But still, there is a scope to enhance the satisfaction level of customers with the banks services.
- **Yu- cheng Lee Et al (2016)³** in their research on “an empirical research on customer satisfaction study: a consideration of different levels of performance” aimed to study the customer satisfaction and loyalty using Taiwan Customer Satisfaction Index Model to a tourism factory. The result shows that perceived quality has the greatest influences on the customer satisfaction for satisfied and dissatisfied customers. In addition, in terms of customer loyalty, the customer satisfaction is, more important than image for satisfied and dissatisfied customer.
- **Felix Olu Bankole Et al (2017)⁴** in their research on “influences on cell phone banking adoption in South Africa: an updated perspective” tested that what factors influence cell phone banking adoption in South Africa. The result shows that utility expectancy and user satisfaction play a key determinant role in the adoption behavior of cell phone banking users in South Africa.

Research Methodology:

Research is a structured study that utilizes acceptable scientific methodology to solve problems and create new knowledge that is generally applicable. Scientific methods consist of systematic observations, classification and interpretations of data.

Scientific method lies in the degree of formality, rigorousness, verifiability and general validity of the later.

Objectives of The Study:

- To study and analyze the retail lending pattern of customers in selected banks in Chennai city.
- To analyze the customer's preferences on financial aspects and non- financial aspects of retail lending in selected banks in Chennai city.
- To examine the customer satisfaction on retail lending in selected banks in Chennai city.
- To assess the post purchase behavior of customers towards retail lending in selected banks in Chennai city.
- To analyze the relationships among the customers' preferences, satisfaction, and post purchase behavior towards retail lending in selected banks in Chennai city.

Sample:

The sample size of the present study has been 150. The simple random sampling technique is used for the present study. Printed questionnaires were given to each and every respondent and they were asked to fill their responses in the respective columns.

Questionnaire included several questions related to adoptability, level of satisfaction, safety and security, convenient, accessibility and the respondents were asked to choose the appropriate answer.

Completed questionnaire was collected and their response has been considered for the present study.

Questionnaire:

Questionnaire is considered as the heart of a survey operation. Hence, it has been carefully constructed. The questionnaires were also mailed to respondents who were expected to read and understand the questions and write down the reply in the space meant for the purpose of the questionnaire itself. Questionnaire for the present study was well structured.

Questionnaire comprised of open-ended, close-ended, multiple choice questions. In order to scale the responses in research, five points Likert scale has been used in the questionnaire.

The five points were Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. Questions were simple and clear which enabled the respondents to make a quicker response.

Statistical Tools:

The role of statistics in research is to function as a tool in designing research, analyzing the data and drawing conclusions their form. Statistical tools help in defining the variables and in proving or disproving the hypothesis. The following statistical tools were used for analysis of data.

- Descriptive Analysis
- Inferential Analysis
- Independent T-Test for Two Samples
- Analysis of Variance (Anova) Test
- Pearson's Product Moment Correlation
- Multiple Regression

Data Analysis and Interpretation:

The data, after collection, has to be processed and analyzed in accordance with the outline laid down for the purpose at the time of developing the research plan. Technically, speaking, processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis.

Table 4.1: Analysis of the type of retail loan availed by the respondents from selected banks in Chennai city

| Types Of Retail Loan | Frequencies | (%) |
|-----------------------------|--------------------|------------|
| Personal loan | 42 | 28.00 |
| Housing loan | 30 | 20.00 |
| Vehicle loan | 23 | 15.30 |
| Educational loan | 14 | 9.30 |
| Jewel loan | 27 | 18.00 |
| Mortgage loan | 07 | 4.70 |
| Consumer durable loan | 07 | 4.70 |
| Total | 150 | 100 |

Source: primary data

Table 4.2: Analysis of the customer preferences with regard to financial factors of retail lending of the selected banks in Chennai city.

| Variables | N | Mean | SD |
|-----------------------------|----------|-------------|-----------|
| Low interest rate | 150 | 3.93 | .692 |
| Low down/ Initial payment | 150 | 3.72 | 1.096 |
| Processing / Admin. Charges | 150 | 3.70 | 1.107 |
| Sanction of loan amount | 150 | 3.42 | 1.119 |
| Pre-closure charges | 150 | 3.85 | .847 |

| Variables | N | Mean | SD |
|--|------------|--------------|--------------|
| Repayment period | 150 | 3.86 | .844 |
| Payment options | 150 | 3.88 | .899 |
| Insurance coverage for loan | 150 | 3.85 | .702 |
| Waiving option | 150 | 3.75 | .819 |
| Special offers and gifts | 150 | 4.05 | .846 |
| Customer Preferences On Financial Factors Of Retail Lending | 150 | 38.01 | 6.176 |

Source: Primary Data

Table 4.3: Analysis of post purchase behavior towards retail lending of the selected banks in Chennai city.

| Variables | N | Mean | SD |
|---|------------|--------------|--------------|
| I am satisfied and happy with retail lending of this bank | 150 | 3.89 | .824 |
| I like to use this bank for future loan requirements | 150 | 3.86 | .803 |
| I would like to communicate positive aspects of retail lending of this bank to other people | 150 | 3.80 | .676 |
| I would like to recommend this bank to others | 150 | 3.85 | .736 |
| This bank realizes my dreams through retail lending | 150 | 3.68 | .846 |
| Post Purchase Behavior Towards Retail Lending | 150 | 19.08 | 2.686 |

Source: Primary Data

Table 4.4: Analysis of the customer satisfaction on retail lending of the selected banks in Chennai city.

| Variables | N | Mean | SD |
|---|----------|-------------|-----------|
| Physical facilities of the Bank like Cleanliness, Waiting Hall, Display of Products, Flooring, Lighting, Drinking Water, Toilet, Parking of Vehicle, etc. | 150 | 3.80 | .676 |
| Knowledge and efficiency of the bank staff | 150 | 3.85 | .736 |
| Friendliness of the bank staff | 150 | 3.68 | .864 |
| Attitude of the bank staff | 150 | 3.61 | .940 |
| Policies of the banks regarding retail lending and services | 150 | 3.85 | .847 |
| Responsiveness of the customer's request/queries/ changing Needs | 150 | 3.86 | .844 |
| Keeping customers informed about when services will be Performed | 150 | 3.88 | .889 |

| Variables | N | Mean | SD |
|---|------------|--------------|--------------|
| Providing personal attention and care to customers in their best interest | 150 | 3.85 | .702 |
| Up-to-date technology of the bank | 150 | 3.75 | .819 |
| Sending information like Statement of Accounts through E-Mail, SMS, etc. | 150 | 4.05 | .846 |
| Customer Satisfaction On Retail Lending | 150 | 38.19 | 5.179 |

Source: Primary Data

Findings:

- Majority of the respondents' availed loan for the period of 2-5 years and the payment option chosen by the respondents is through cash payment and the respondents come to know about the various loan products through by visiting bank.
- Special offers and gifts, low interest rate and payment options are the top three customer preferences on financial factors of retail lending.
- There is a statistically significant differences found with respect to the customer preference on financial factors of retail lending while analyzing the difference between male and female, married and unmarried, customers of private sector and private sector banks and in relation to the occupation of the customers.
- It has been concluded that the customer satisfaction on retail lending is higher in case of the variable sending information like statement of accounts through e-mail, sms and keeping customers informed about when services will be performed.
- It has been found that the post purchase behavior towards retail lending is higher in case of the variable I'm satisfied and happy with the retail lending of the bank.

Suggestions:

- Today's customers are aware of the growing banking services and so they expect accessibility to these services from all the places, both at work and at home. Hence, banking services must be made available to customers from different channels to enhance customer preference and customer satisfaction.
- Bankers need to develop a proper feedback system to know about their customers and to fulfill the requirements of the customers in order to enhance customer satisfaction.
- For the growth and effective implementation of retail lending process the bankers must lay more emphasis on customer satisfaction because the positive word of mouth given by the satisfied customers create more opportunities for the retail lending sector.
- Easy and accessible banking services should be ensured to the customers. Customers include literature. It is the duty of the bank to make available of the services to every customer who is in need of the services.

Conclusion:

The present study concludes that customers prefer transparent and quick approval in the process of availing of loan. Customers prefer to have low interest rate and easy payment option in the case of repayment of loan. Customers prefer to get some financial advice/guidance from the bankers for the purpose of availing loan. Hence, there is a significant difference between the age, type of bank, income and the financial factors of retail lending. In case of non- financial factors there is a significant difference between the type of bank, income, age and the non – financial factors of retail lending. In case of customer satisfaction customers are highly satisfied with the e-statements and sms facility. In case of post purchase behaviour customers are satisfied and happy with retail lending. Thus, in customer satisfaction and post purchase behaviour study reveals that the customers are satisfied and happy with retail lending.

Reference:

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