



PEZZOTTAITE JOURNALS

Volume 6, Number 4, October – December' 2017

ISSN (Print): 2319-9059, (Online): 2319-9067

sjIF (2015): 6.533, sjIF (2016): 7.194

H5-Index: 1, H5-Median: 1, H-Citations: 1

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PEZZOTTAITE JOURNALS

Volume 6, Number 4, October – December' 2017

ISSN (Print): 2319-9032, (Online): 2319-9040

sjIF (2015): 6.478, sjIF (2016): 7.175

H5-Index: 3, H5-Median: 3, H-Citations: 10

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INTERNATIONAL JOURNAL OF TRADE AND GLOBAL BUSINESS PERSPECTIVES

ISSN: (Print) 2319-9059, (Online) 2319-9067

sjIF (2012): 3.946, sjIF (2013): 5.017, sjIF (2014): 5.912, sjIF (2015): 6.533, sjIF (2016): 7.194

H5-Index: 1, H5-Median: 1, H-Citations: 1

&

INTERNATIONAL JOURNAL OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT PERSPECTIVES

ISSN: (Print) 2319-9032, (Online) 2319-9040

sjIF (2012): 3.562, sjIF (2013): 5.074, sjIF (2014): 5.857, sjIF (2015): 6.478, sjIF (2016): 7.175

H5-Index: 3, H5-Median: 3, H-Citations: 10

Volume 6, Number 4

October – December' 2017

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Published & Printed by:

Pezzottaite Journals

Jammu & Kashmir -180012

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PEZZOTTAITE JOURNALS

**INTERNATIONAL JOURNAL OF
TRADE &
GLOBAL BUSINESS PERSPECTIVES**

ISSN: 2319-9059 (PRINT)

ISSN: 2319-9067 (ONLINE)

IMPACT FACTOR

SJIF for year 2016: 7.194

SJIF for year 2015: 6.533

SJIF for year 2014: 5.912

SJIF for year 2013: 5.017

SJIF for year 2012: 3.946

INDEX

H5-Index: 1, H5-Median: 1, H-Citations: 1

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A STUDY ON CUSTOMER SATISFACTION TOWARDS LENDING PROCEDURES OF CO-OPERATIVE BANKS IN WAYANAD DISTRICT OF KERALA

Shabeerali Pulikkalakath⁷

ABSTRACT

The word cooperation shows the relationship between mankind. The togetherness and helping mind of peoples is the basis for any economical progression. The cooperation movements began in the Europe during 19th century onwards. After the attempt, hundreds of cooperation movements were started throughout the world. Now in this pace changing technological world, no economical progression is possible without mutual cooperation movements. The cooperative movements in India are also having the heritage of decades. The fundamental objective of starting co-operative movements in India is to help the weaker sections of the economy such as farmers, artisans etc. The co-operative Credit Societies Act passed in 1904 is the milestone in the cooperative movements in India. Later on number of cooperative concept, the governments passed related acts and as part, the co-operative banks were established.

The co-operative banks are generally formed by the general peoples itself with in the democratic purview and such banks provide their members a wide variety of banking services like deposits, lending, lockers etc. These banks are also working as per the rules and regulations of Banking Regulation Act 1949 and Cooperative Societies Act 1955. This well-established cooperative sector in India is widespread to all the states in the country. The tremendous economical as well as social benefits of cooperative banks in Kerala nurtured the speed growth of this sector.

The backward peoples in the rural areas of Kerala were boomed with such banks. The various financial assistance schemes such as housing loan, vehicle loan, personal loan etc., were really a help for the peoples in the state. The availability of loan within short period with minimum document procedures enhanced the peoples to create more cooperative banks in the different districts of the state. The various financial assistance schemes of cooperative banks are the backbone of the financial structure of the districts in the state of Kerala. This study intends to explore the satisfaction level of customers towards the lending procedures of cooperative banks.

KEYWORDS

Co-operative Movements, Co-operative Banks, Lending Procedures, Customer Satisfaction Etc.

INTRODUCTION

Co-operative banks are the most powerful sector of co-operative movements in India. The role of co-operative banks in balancing the financial stability of local economies as well as national economy is inevitable. The tier wise structure of co-operative banks is the best thing helped to reach the benefits of such banks to economically weaker sections of the society. The state level co-operative banks district level co-operative banks were acting as the apex level of co-operative banks and regional level banks establishments helped all the peoples to avail the benefits of this movement. Both urban and non-urban co-operative banks located in all the places are doing the general functions of the banks.

Wayanad is a backward district in the state of Kerala. However, Wayanad is having well-structured co-operative banks since many decades. The rural and urban development of the district is having a direct link between the financial assistance of co-operative banks. The role performed by co-operative banks in uplifting this district is remarkable in the history of the state itself. The financial assistance provided by such co-operative banks for various sectors such as farming, milk, cattle, personal finance, housing finance, vehicle finance etc., helped to grow the sectors effectively.

OBJECTIVES OF STUDY

- To analyze the lending procedures of Co-operative banks in the Wayanad district.
- To understand the role of co-operative banks in providing financial assistance to general peoples.
- To study the factors influencing the growth of co-operative banks in the district.
- To study the satisfaction level of customers towards lending procedure of co-operative banks.

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RESEARCH METHODOLOGY

Descriptive research is used in this study to identify the lending procedures of co-operative banks. The study also designed to study the customer satisfaction level of availing and utilizing various loans from co-operative banks. Primary data were collected through a structured questionnaire however; secondary data were extensively used to create a framework for the study.

Simple regression analysis is used to identify the relationship between satisfaction level of customers and lending procedures of co-operative banks in the district of Wayanad. The sample size for the study is 100 co-operative bank customers selected by using convenient sampling technique.

DATA ANALYSIS

The total respondents for the study are 100 from the district of Wayanad. The gender wise classification of them is given below:

Table-1: Gender wise Classification

Gender	Number of Respondents	Percentage
Male	83	83%
Female	17	17%
Total	100	100%

Sources: Authors Compilation

The total number of respondents are 100 and 83 out of them are male respondents and remaining are female candidates.

The table showing the details about various loan schemes providing by the co-operative banks in the district is given below:

Table-2: Loan Scheme wise Classification of Sample

Type of Loan	Number of Respondents	Percentage
Personal Loan	28	28%
Vehicle Loan	19	19%
Agricultural Loan	14	14%
Housing Loan	32	32%
Others	07	07%
Total	100	100%

Sources: Authors Compilation

Most of the bank customers are approaching co-operative bank for housing loan. 32% of the total population is taking housing loan from the banks. The personal loan and vehicle loan etc., are followed by the housing loan among other loans. The table shows the importance of housing loan from the co-operative banks. The difference in scheme of loan does not matter, however effectiveness in availing of loans is the main factor.

The following details show the opinion about bank customers in connection with the quality criteria of loan lending.

Table-3: Quality of Bank Loans by Co-operative Banks

Opinion Scale	Number of Respondents	Percentage
Excellent	43	43%
Good	41	41%
Average	13	13%
Poor	03	03%
Very Poor	00	00%
Total	100	100%

Sources: Authors Compilation

As per the opinion of the population the quality of co-operative bank loans are very high. Around 84% of the respondents are favoring the banks in its quality of lending. Only 03% is having a negative impact about the quality of lending by the co-operative banks. This is the real mind of the customers. The customers are interested in carry business with co-operative banks.

A cutthroat question regarding the interest to carry business with the co-operative banks gives the following amazing results.

Table-4: Gender wise Classification of Sample

Interest of peoples in Carrying Business with Co-operative Banks	Number of Respondents	Percentage
Yes	97	97%
No	03	03%
Total	100	100%

Sources: Authors Compilation

As per the survey, 97% of the population is interested to carry their relationship with co-operative banks itself. The opinion shows the future prospects of co-operative banks in the district as well as the state.

The overall study reveals that the overall performance of the co-operative banks is satisfactory for customers with lending. This conclusion is arrived because the majority of the population is having a positive opinion about the co-operative banks. The substantial proof is given below to show the positive attitude of customers.

Table-5: General Quality Factors Affecting Lending Procedures

Quality Criteria	Excellent	Good	Average	Poor	Very Poor
Reasonable Time in Loan Availability	68	28	04	--	--
Reasonable Repayment Period	63	26	11	--	--
Simplified Guarantee	54	17	29	--	--
Simple Procedure	72	17	01	--	--
Clarity in Interest Rate	42	36	14	06	02
Behavior of Employees	73	16	06	04	01
Desirable Amount of Loan	56	18	02	16	08
Easiness in Mortgaging Assets	60	23	13	04	--

Sources: Authors Compilation

The time for getting loans is comparatively low while compared to other commercial banks. As per the opinion of the 68% of the respondents, they are getting loans within reasonable time. Some of the respondents are even arguing that they are getting loans within 07 days. Such timely availability of loans is the best attracting factor of co-operative banks. Regarding the reasonable repayment period also majority of the respondents are satisfied. More than 60 % of the respondents are strongly favoring the time of loan repayment.

The simplicity in documentation is the best quality factor attracting customers to co-operative banks. The absence of lengthy and tired documentation of usual banks is a boon to the co-operative bank customers. In overall, the quality parameters of the lending procedure of co-operative banks are perfectly satisfactory for all class of customers.

Testing the Satisfactory Level of Customers

A linear regression equation is used to identify the relationship between the satisfaction levels of bank customers towards the lending procedure of the bank in Wayanad district.

H₀: There is no significant relationship between the satisfaction levels of customers towards the lending procedures of co-operative banks in Wayanad district.

H₁: There is a significant relationship between the satisfaction levels of customers towards the lending procedures of co-operative banks in Wayanad district.

Regression is the measure of the average relationship between two or more variables in terms of the original units of the data. In this study, the effectiveness of loan is taken as the dependent variable and factors are taken as independent variables.

Table-6

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.301708
R Square	0.091028
Adjusted R Square	0.075356
Standard Error	1.421031
Observations	60

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	11.72896	11.72896	5.808347	0.019143
Residual	58	117.121	2.019328		
Total	59	128.85			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	8.881222	0.984534	9.020733	1.23E-12	6.910462	10.85198	6.910462	10.85198
X Variable 1	-0.36425	0.151139	-2.41005	0.019143	-0.66679	-0.06172	-0.66679	-0.06172

Sources: Authors Compilation

As seen in the summary of regression analysis the P value is less than 0.05. Hence, H_0 is rejected. Therefore, there exists a significant relationship between the satisfaction levels of bank customers towards the lending procedure of the bank in Wayanad district.

The adjusted R square value is 0.075, which means 7.5% of variation of the dependent variable is due to the independent variable.

FINDINGS

- Majority of the respondents are interested to bank with co-operative banks. 97% of the respondents are positive towards the co-operative banks.
- Housing loan is the most preferring loan by the customers from co-operative banks.
- The simplicity in document procedure is the most attracting factor in availing loans from co-operative banks.
- The behavior of employees in co-operative banks is very customer friendly.
- Customers are well satisfactory with the lending procedures of co-operative banks.
- The period of availing loans are very lesser than usual commercial banks.
- The terms and conditions of repayment are generally simple for any type of customers.
- 84% of the respondents have the opinion that the quality of lending services is good or excellent.
- There is a significant relationship between customer satisfaction and lending procedures of the co-operative banks.

SUGGESTIONS

- Lack of technological advancement is the basic problem of co-operative banks. Therefore, the banks should always focus on new technologies like ATM, mobile banking etc.
- The amount of loan lending should be equal to the desired amount of customers to increase the customers.
- The customer-oriented schemes of lending should be introduced to encourage the existing customers to retain in the banks.
- The difficulty in getting membership in co-operative banks should be curtailed to get avail the loan more easily.

CONCLUSION

The role of co-operative banks in the economical and social contribution is inevitable. The democratic principle followed bank system is really doing their jobs very well in their own ways and the positive outcomes are reflected in the economy. Co-operative banks are treated as the bank of poor. The simplified document procedures to avail loans, transparent policies in lending, easy access of loans etc., are the main factors encouraging peoples to come towards the co-operative banks. The study to find the significant relationship between the satisfaction levels of bank customers towards the lending procedure of the bank in Wayanad district come to a conclusion that there exist a good relationship between two variables. In addition, the study reveals that most of



the bank customers are very much interested to continue business with co-operative banks in future also. This statement shows the future prosperity of co-operative banks in India itself.

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