

# BORROWERS EXPERIENCES WITH SERVICE COOPERATIVE BANK

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## ABSTRACT

*The behaviour of the customers towards the bank is an important factor for the development of the bank. PACSs have greater personal relation with its members. The beneficiaries are people as the PACS have direct relation with its members. Thus the service cooperative bank has direct relation with the people. They provide loans and accept deposit and provide various financial services. On the other hand a large chunk of people in our country consider bank accounts as a means to keep their hard-earned money safe. They wish to withdraw only the necessary amount as and when they need it. They have to be conscious about the financial services get from each bank and also in search for an institution from where these services available in easy and cheap.*

*So the present study reveal how the behaviour of customers of the primary agricultural cooperative bank utilized their financial services and whether they satisfy by comparing the primary cooperative bank with other bank. This study thus confines to borrowers experience with service cooperative bank.*

**Keywords:** Primary Agricultural Cooperative Bank(PACB), utilization, loan

## INTRODUCTION

Co-operative financial institutions especially Primary Agricultural cooperative Banks also known as Service Cooperatives Banks are considered to have immense potential to deliver goods and services in areas where both the state and the private sector have failed. They take the responsibility of to keep an eye on the sector neglected by commercial banks. The bank would cater to a wide spectrum of customers ranging from small and marginal farmers and traders in the rural areas than in the urban. It would have the scope for allocating more funds for agriculture lending and also setting its priorities. Thus these, co-operative financial institutions have wider and deeper penetration in rural and semi-urban areas. In short Service Cooperatives Banks operate as a balancing Centre

But now a day other institutions like commercial banks provide modern financial services especially at this period of demonetization and cashless economy. The commercial bank provide the transaction into cashless world. New consumer functionalities are being built on exiting payment system like mobile payments, streamlined payments, integrated billing, and next generation securities will result the consumers from shifting their accounts from cooperative bank to commercial or other financial institutions. As the service cooperative bank is mainly supported by the deposits of members. To sustain in this competitive era and the shifting of members the service cooperative bank provide more financial services in addition to the banking and financial services (loans, deposits, banking accounts etc.).

PACBs have greater personal relation with its members. The beneficiaries are people as the PABS have direct relation with its members. Thus the service cooperative bank has direct relation with the people. They provide loans and accept deposit and provide various financial services. They utilized the services of the primary agricultural cooperative banks.

This study thus confines to behaviour of customers in primary cooperative bank and satisfaction by comparing the financial services with other bank.

## Objectives of the study

- To study the behaviour of customers on financial services in the primary cooperative bank
- To study the satisfaction of customers on comparing the primary cooperative bank with nationalized bank with the financial services

## Hypothesis

1. ***There is no significant difference in the behaviour of customers with respect to income of customers***
2. There is no significant difference in the level of satisfaction on comparison with respect to income of the customers

## RESEARCH METHODOLOGY

The validity of any research depends on the systematic collection of data and analysis of the same in a sequential order. In the present study, an extensive use of both primary and secondary data was made.

Both primary and secondary data are used for the study. In order to analyze the utilization pattern of customers of the customers, a descriptive study using primary data was considered as suitable. In order to study the objectives, the responses were collected through pre-determined set of questions in the form of structured and well-designed questionnaire.

### Sampling design

Simple random sampling or probability sampling technique is used to select the customers as sample. Under this sampling design, every item of the universe has an equal chance of inclusion in the sample. In the study simple random sampling method has been used. Respondents includes existing customers who belong to perookada service cooperative bank. Respondents are those who already have their account in that particular bank and are of different age, sex, religion, profession and family background. The sample size will be restricted to only 100, which comprised of mainly people from customers of perookada service cooperative bank.

### Data processing and analysis

Statistical Package for Social Science (SPSS) is used to analyse the data. The primary data collected were tabulated and analysed with the help of SPSS (Version 20) keeping in view the objectives of the study. The data analysis was done using descriptive statistics in which mean, percentages and standard deviation were used. ANOVA, one sample t test, Spearman's rank correlation, Kolmogorov-Smirnov Test analysis were also used.

### Limitations of the Study

Due to time and resources constraints, the present study suffers from the following limitations. The study has been conducted in one district of Kerala i.e. Thiruvananthapuram and sample size is limited to 100 customers.

## DATA ANALYSIS

### 1. Behaviour of customers

The behaviour of customers includes time associated with this bank, status of lodging complaint, propensity to shift accounts and the reason for shifting particular bank. Chi-square test was used to analyze whether there exist any significant difference between these behaviour of customers and income of customers.

#### 1.1. Time associated with this bank

The period of relationship includes the experience of customers to have with the particular bank. It may be up to 1 year, 1-5 years, 5-10 years and Above 10 years. The variation in the time associated with this bank among customers of two income groups was estimated using chi square analysis. Table No.1 describes the Period of Relationship with Bank and the variation in the time associated with this bank among customers of two income groups.

**Table No. 1 Time associated with this bank and level of income with test of significance**

		Total		Low income		High income		Chi-square	Sig.
		n	%	n	%	n	%		
Grouped	less than 1 year	8	8.00	8	17.39	0	0.00	13.228	0.004
	1-5 year	23	23.00	13	28.26	10	18.52		
5-10 year		20	20	20.00	17.39	12	22.22		
more than 10 years		49	49	49.00	36.96	32	59.26		
		100	100	100.00	100.00	54	100.00		

**Source: Computed Primary data**

The above table reveals that 8 percent of the customers having period of up to 1 yrs relationship with Bank, 23 percent of the customers having period of 1-5 yrs relationship, 20 percent of the customers having period of 5-10 yrs relationship and 49 percent of the customers having period of Above 10 years relationship.

While considering income wise it can be seen that the 59.26 percent of customers in higher income category have more than 10 year relationship with the particular bank. At the same time the corresponding percent among lower income group is only 39.96 percent. Among the respondents in the higher income

category, highest percentage (22.22 %) has 5 to 10 year relationship with the particular bank. The concern percent for low income category is 17.39 percent. Among low income group 28.26 percent have relationship between one to five years. But the corresponding percentage among high income group is only 18.52 percent. 17.39 percent of low income customers have less than one year relationship with the particular bank.

**Result:**

Chi-square test was applied to find out whether there is any significant difference between the income of the customers and time associated with this bank. As. the ‘p’ value is lesser than 0.05 there is significant difference between the high income and low income category in the income wise with respect to time associated with this bank. From the above result it is evident that the time associated with this bank was significantly different among the two income groups of customers. Hence the result revealed that there is significant difference in the time associated with this bank with respect to the level of their income.

1.2. Status of lodging complaint

The respondents were asked about whether they lodged any complaint. The variation in the lodging of complaint among customers of two income groups was estimated using chi square analysis. The following table describes the status of lodging complaint and the variation in the lodging of complaint among customers of two income groups with level of significance.

**Table No. 2 Status of lodging complaint and level of income with test of significance**

		Have lodged complaint	Have not lodged complaint	Chi-square	Sig
Low income	n	5	41	0.072	0.789
	%	10.87	89.13		
High income	n	5	49		
	%	9.26	90.74		
Total	n	10	90		
	%	10.00	90.00		

*Source: Computed Primary data*

Majority (90 percent) of the respondent react that they do not lodged any complaint and only 10 percent of customers lodged complaint. The reason for complaint may also ask and the customers gave various reasons. The reason may due to demonetization note exchange, the innovation and technology deficit, return for deposit was low and so on.

While considering income wise, 89.13 percent in low income category and 90.74 percent in high income category have not lodged complaint. The customers who lodged complaint among high income category were 9.26 and the corresponding response for low income category is 10.87 percent.

**Result:**

Chi-square test was applied to find out whether there is any significant difference between the income of the respondents and status of lodging complaint. As. the ‘p’ value is more than 0.05 there is no significant difference between the high income and low income category with respect to status of lodging complaint. From the above result it is evident that the time status of lodging complaint is not significantly different among the two income groups of customers. Hence the result revealed that there is no significant difference in the status of lodging complaint with respect to the level of their income.

1.3. Propensity to shift accounts

The customers were asked about the Propensity to shift their accounts from the particular bank to another bank. They give two options as have idea to shift from particular bank and Have no idea to shift from particular bank. The variation in propensity among respondents of two income groups was estimated using chi square analysis. The following table describes the propensity to shift accounts and the variation in propensity among respondents of two income groups.

**Table no.3 Propensity to shift accounts and level of income with test of significance**

		Have idea to shift from particular bank	Have no idea to shift from particular bank	Chi-square	Sig
Low income	n	13	33	1.331	0.249
	%	28.26	71.74		
High income	n	10	44		
	%	18.52	81.48		
Total	n	23	77		

	%	23.00	77.00	
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**Source: Computed Primary data**

Majority of the respondents (77%) have no idea to shift from particular bank and only 23 percent of the respondents have idea to shift from particular bank.

While considering income wise, 81.48 percent in high income category and 71.74 percent in low income category have no idea to shift from particular bank. The customers who have idea to shift from particular bank were 18.52 percent among high income category and the corresponding response for low income category is 28.26 percent.

**Result:**

Chi-square test was applied to find out whether there was any significant difference between the income of the customers and propensity to shift accounts. As the significant level is more than 0.05 there is no significant difference between the high income and low income category with respect to propensity to shift accounts. From the above result it is evident that the propensity to shift accounts is not significantly different among the two income groups of customers. Hence the result revealed that there is no significant difference in the propensity to shift accounts with respect to the level of their income.

**Reasons for shifting particular bank**

As a continuation to propensity to shift accounts the respondents were asked the reason for shifting particular bank. The response was as below.

**Table no. 4 Reasons for shifting particular bank**

	n	%
special services in new bank	14	60.85
government special programs	3	13.05
personal attention of bank officials	3	13.05
getting loan with less formalities	3	13.05
Total	23	100.00

**Source: Primary data**

Out of 23 customers 60.85 percent of the customers have propensity to shift the account because of the special services in new bank and the balance customers shift due to government special programs or personal attention of bank officials or getting loan with less formalities.

**General observation about the behaviour of customers - test result**

The behaviour of customers includes time associated with this bank, status of lodging complaint, propensity to shift accounts and the reason for shifting particular bank. The result of behaviour of customers were as follows:

**Table no 5 Testing of hypothesis result of behaviour of customers**

Experience factors	Test	Value	Sig*	Remarks
1. Time associated with this bank	$\chi^2$	13.228	0.004	Reject $H_0$
2. Status of lodging complaint	$\chi^2$	0.072	0.789	Accept $H_0$
3. Propensity to shift accounts	$\chi^2$	1.331	0.249	Accept $H_0$

\*level of significance 5%

There was no significant difference in the level of income with status of lodging complaint and propensity to shift accounts. But there was significant difference in the time associated with this bank and level of income.

**2. Satisfaction by comparison**

Here the customers assess their level of satisfaction by comparing the functions of particular bank with other banks. By this comparison the customers have an idea to know the intensity of satisfaction they actually now enjoyed. Here the customers asked whether they have any account with other bank and if account then rates the various functions have performed by the particular bank with that of other bank. T-test was used to found out whether there is any significant difference between these variables and levels of income.

**2.1. Have any accounts in other banks**

To know the satisfaction by evaluation the customers were asked whether the respondents have any accounts in other banks. The following table describes the have any accounts in other banks among respondents of two income groups.

**Table no.6 Have any accounts in other banks and level of income**

Status of having accounts in other banks	Total		Low income		High income	
	n	%	n	%	n	%
Have account in other bank	92	92.00	40	86.96	52	96.30
Have no account in other bank	8	8.00	6	13.04	2	3.70
<b>Total</b>	<b>100</b>	<b>100.00</b>	<b>46</b>	<b>100.00</b>	<b>54</b>	<b>100.00</b>

**Source: Primary data**

Majority of the respondents (92%) have accounts in other bank and only 8 percent have no account in other bank.

While considering the income wise majority (96.30) of the customers in high income category have any accounts in other banks and the corresponding percent in low income category is 86.96 percent. Among high income category only 3.70 percent have no accounts in other banks and the concern percent for low income category is 13.04 percent.

**2.2. Perception about functions of other banks**

To know the satisfaction of customers the respondents were compare the functions of other banks with the particular bank. These satisfaction derived by comparing these functions have more consistency as it is the result of analyzing the function of the other bank. The customer were asked to rate these function as very good, good, normal , poor and very poor. So this helps the customer to reassess the reason for retaining in this particular bank. The rating is made using five point scales. The response scale is fixed as 3. The mean is calculated by multiplying the number into concern weight assigned for the level of perception. For very good the weight is assigned as 5, good as 4, normal as 3, poor as 2 and for very poor category as 1. The present study take into account five functions as Customer employee relationship, service provided, transparency, innovation and technology, safety, accessibility and rate of return

*Table No. 7 Perception about function of particular bank with other banks with mean score and level of significance*

		very poor	poor	normal	good	very good	Mean	SD	t	Sig.	
Customer employee relationship	n	3	8	13	37	31	3.92	1.06	8.351	0.000	
	%	3.26	8.70	14.13	40.22	33.70					
Service provided	n	4	5	18	39	26	3.85	1.04	7.841	0.000	
	%	4.35	5.43	19.57	42.39	28.26					
Transparency	n	4	10	38	31	9	3.34	0.95	3.393	0.001	
	%	4.35	10.87	41.30	33.70	9.78					
Innovation and technology	n	26	45	14	6	1	2.03	0.90	-	10.367	0.000
	%	28.26	48.91	15.22	6.52	1.09					
Safety	n	10	18	50	8	6	2.80	0.97	-1.925	0.057	
	%	10.87	19.57	54.35	8.70	6.52					
Accessibility	n	2	9	60	17	4	3.13	0.73	1.715	0.090	
	%	2.17	9.78	65.22	18.48	4.35					
Rate of return	n	3	25	41	20	3	2.95	0.87	-0.600	0.550	
	%	3.26	27.17	44.57	21.74	3.26					

**Source: Computed Primary data**

The table 7 presents the distribution of respondents by perception about function of particular bank with other banks. While considering the Customer employee relationship the majorities (40.22%) of the customers of the particular bank were feeling good with the customer employee relationship of the particular bank and only 8.70 percent respond as poor. The mean score of perception were found to be 3.92 which were significantly higher than mean of the response scale as the significance level of one sample t test

is less than 0.05. The result indicates that the respondents generally perceive the particular bank as good in case of customer employee relationship.

Being considering about service provided and transparency the mean score of perception were found to be 3.34 and 3.92 respectively, which were significantly higher than mean of the response scale as the significance level of one sample t test is less than 0.05. The result indicates that the respondents are generally rate the perception of service provided and transparency by particular bank as good while considering the other bank.

While taking into account the innovation and technology of the particular bank majority (48.91%) of the customers respond as poor. The mean score of perception were found to be 2.03 which were significantly lower than mean of the response scale as the significance level of one sample t test is less than 0.05. The result indicates that the customers generally rate the perception as poor for the innovation and technology of particular bank.

While considering safety, accessibility and rate of return of the particular bank the mean score of perception were found to be 2.80, 3.13 and 2.95 which were significantly lower than mean of the response scale as the significance level of one sample t test is more than 0.05. The result indicates that the customers were normal perception about the safety, accessibility and rate of return provided by the particular bank.

#### **Result:**

From the table it was evident that the respondents generally perceive the particular bank as good in case of customer employee relationship. At the same time the respondents are generally rate the perception as poor for the innovation and technology of particular bank. Simultaneously, the respondents are normal perception about the safety, accessibility and rate of return provided by the particular bank.

#### **Testing of hypothesis**

To study the perception of customers about function of particular bank with other banks by level of income ANOVA was used. The distribution showing the mean score of perception about function of particular bank with other banks of respondent by level of income were as follows.

**Table No. 8 Mean score of perception about function of particular bank with other banks of respondent by level of income**

	Low income		High income		ANOVA		MANOVA	
	Mean	SD	Mean	SD	F	Sig.	F	Sig.
Customer employee relationship	3.85	1.12	3.98	1.02	0.341	0.561	1.614	0.143
Service provided	3.78	1.10	3.90	1.00	0.346	0.558		
Transparency	3.23	1.10	3.42	0.82	0.978	0.325		
Innovation and technology	2.25	0.95	1.87	0.82	4.327	0.040		
Safety	2.70	1.11	2.88	0.86	0.809	0.371		
Accessibility	3.15	0.77	3.12	0.70	0.05	0.823		
Rate of return	3.00	0.85	2.90	0.89	0.275	0.602		

**Source: Computed Primary data**

From the table it can be seen that the significance levels of t test for all the functions are greater than 0.05. The result indicates that there is no significant difference in the mean perception scores of respondents having low income and respondents with high income for all functions. It means that the perception level about different functions of particular bank is significantly same among respondents belonging to two income categories. Hence the result accepts the null hypothesis that there is no significance difference in the level of perception about different functions of particular bank with respect to income of the customers.

General observation about the satisfaction by comparison

To test whether there is any significant difference between level of income and perception function of particular bank with other banks, ANOVA was used. From the table it was evident that the respondents generally perceive the particular bank as good in case of customer employee relationship. At the same time the respondents are generally rate the perception as poor for the innovation and technology of particular bank. Simultaneously, the respondents are normal perception about the safety, accessibility and rate of return provided by the particular bank.

While testing the same using different levels of income there is no significant difference in the mean perception scores of respondents having low income and respondents with high income for all functions.

## FINDINGS

To test the hypothesis there is no significant difference in the satisfaction of customer on financial services with respect to income of customers, in terms of rating the satisfaction, behaviour of customers and by comparing or assessing was studied. The statistical tools used for the analyzing the satisfaction was t – test, chi square test and ANOVA. Rating the satisfaction can be studied using t-test. It found that there was no significant difference between ratings of two income category customers. The behaviour of customers includes time associated with this bank, status of lodging complaint, propensity to shift accounts and the reason for shifting particular bank were studied using chi- square. The satisfaction by comparison can be test using ANOVA and found that there was no significant difference between satisfactions by comparison and level of income.

## CONCLUSION

Without help of co-operative banks millions of people in India would be lacking the much needed financial support. Service Co-operative banks take active part in local communities and local development banks take dynamic part in local communities and local development with a stronger commitment and social responsibilities. These banks are best vehicles for taking banking to doorsteps of common men unbaked people in urban and rural areas. Their presence in the social economic and democratic structure of the best justification for nurturing them and strengthening their base. These banks are sure to win in the race because they are people, by the people and of the people. Hence the increased supports by the bank enhance the uses of the bank and thereby get more deposits. At the same time from the utilization part of customers they must use maximum as the growth the service cooperative bank develop the economy very much. The introduction of Kerala owns bank is very apt as it helps to coordinate all the services into one.

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