

INVESTOR BEHAVIOUR OF RETAIL BANKING WITH SPECIAL REFERENCE TO SAVINGS BANK ACCOUNT IN AXIS BANK THRISSUR

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Abstract

Retail banking has always been prevalent in India in various forms. Axis Bank Limited is the third largest private sector bank in India. This study is based on Retail banking with special reference to Savings account. The primary objective of the study was to analyze the attitude of investors towards savings schemes. Easy savings account is the most preferred scheme among the customers. Friends and relatives are one of the most important influencers of the investors while making investment decisions. It was found that now a days, net banking is the most used channel for accessing account. Investors are interested to keep their deposits for more than one year and they think that savings account is risk free. Saving bank investors are almost has a satisfactory level of response in their banking experience. There is no direct relationship between increases in no: of accounts of various savings scheme like Easy Access Savings account, Basic savings account, Youth account and Privilege priority savings account with the increase in years.

Key Words: Retail Banking, Savings Bank, Investment.

Motivation

Retail Banking is the new mantra in the banking sector. According to the estimates, the retail segment in India is expected to grow at 30-40% in the coming years. The Indian retail sector is highly fragmented and the unorganized sector has around 13 million retail outlets that account for around 95-96% of the total Indian retail industry. However the organized sector's growth potential is expected to increase due to globalization, high economic growth, and improved lifestyle. By 2016, more than 300 million shoppers are likely to patronize organized retail chains. Retail banking, also known as Consumer Banking, is the provision of services by a bank to individual consumers, rather than to companies, corporations or other banks. The current scenario in India is that banking industry is highly developed. Yet, Indian banking is still way down from achieving world standards in size as well as products and services. As the economic growth continues, the demands on the banking sector to cater to the needs of the economy are also growing consistently. The growth in economic activities has increased wholesale as well as retail banking in the country. Banking industry includes a number of businesses such as corporate banking, investment banking, wealth management, capital market etc. Retail banking is another segment of the banking industry. It is a typical mass- market banking characterized by a large customer base and a large volume of transactions. There is a high level of co-operation between banks, retailers, customers and consumers in this segment. Retail banking has brought in a drastic make over in the overall banking scenario in India. The exceptional improvement in the banking system in India is a result of strong initiatives taken up by both the government and private companies.

Objectives

1. To analyze the attitude of investors towards savings account schemes.
2. To identify the factors that influences the investors in selecting savings account schemes as an investment option.
3. To examine whether there is any relationship between investment in various savings bank schemes and years.

Review and Methodology

This study is exploratory in nature. In accomplishing the objectives of the study, data has been collected from primary and secondary source. Primary data necessary for the study were collected by interacting with various customers in the bank through a survey. A questionnaire has been used to systematically collect the relevant information from 50 customers of Axis bank. The secondary data is composed of the literature available in different scholarly research articles belonging to several national and international journals, business magazines, organizational records on yearly customer statistics, company reports, annual reports, RBI reports. Simple statistical tools like chi-square, percentages etc are used for data analysis.

R. Srinivasa Rao (2015) conducted a study on the role of retail banking in Indian economy and came into a conclusion that retail banking is when a bank executes transactions directly with consumers, rather than corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and cards. Today, retail banking is being considered as one of the most innovative financial services provided by the various commercial Public Sector Banks (PSBs), private sector and foreign banks.

Amritpal Singh Dhillon & Hardik Vachhrajani (2013) conducted a study on the topic, people's bank (State Bank of India):- Is first choice among middle income group: an empirical study (with special reference to saving account). This empirical research study focuses on exploring the major factors that lead to customer choice & behavior of middle class people while selecting or doing retail banking with Indian banks. It also leads to develop a conceptual framework of relationship marketing practices in Indian banks by capturing the perspectives of consumers with respect to their satisfaction with various services.

R Mohan (2008) presented a paper on Growth record of the Indian economy, 1950-2008: A story of sustained savings and investment. The paper reviewed the overall macro-economic performance in India since independence, and then assesses the likely prospects for growth in the medium term. It argues that India's growth has been largely enabled by the availability of domestic savings, which have increased steadily over the decades. Further, the efficiency of resource use has been high with a long-term incremental capital-output ratio of around 4, which is comparable to the best in the world. While private investment and corporate growth have been major factors in the recent growth upsurge, it is important to note that this period has also been marked by a relative decline in public investment. A revival of public investment, accompanied by higher public savings, would be necessary to improve and expand public Services.

A. Ataullah, H. Le and Taylor & Francis (2006) conducted a research on the topic, Economic reforms and bank efficiency in developing countries: the case of the Indian banking industry. Using the Indian banking industry as a case study, this paper proposes and tests hypotheses regarding the possibility of a relationship between three elements of the Economic Reforms (ERs) – namely, fiscal reforms, financial reforms, and private investment liberalization – and bank efficiency in developing countries. Results show an improvement in the efficiency of banks, especially that of foreign banks, after the ERs. There is a positive relationship between the level of competition and bank efficiency. However, a negative relationship between the presence of foreign banks and bank efficiency is found, which attribute to a short-run increase in costs due to the introduction of new banking technology by foreign banks. Furthermore, they found that fiscal deficits negatively influence bank efficiency.

Mark Colgate and Rachel Hedge (2001) conducted a research on the topic, an investigation into the switching process in retail banking services. This paper concludes that losing customers can have a detrimental impact on a bank's market share and profit. Results indicated that problems with pricing had the most important impact on switching behavior. In contrast, customers tended to complain more often about service failures prior to exiting the firm. This finding suggests that customers may be staying silent about the problems that are most important in their decision to exit the firm.

Results & Discussions

The results of the study are represented in the following tables given below.

Table 4.1: Investor Preference in Various Saving Schemes

Responses	No. of Responses	Percentage
Easy Savings	24	48%
Basic Savings	12	24%
Youth Savings	6	12%
Senior Savings	8	16%
Total	50	100%

Source: Primary survey

The above table shows that 48% of the total respondents prefer Easy savings scheme where as only 24% prefer basic savings scheme. 16% prefer senior savings scheme and the least one is Youth saving scheme with 12% is good.

Table 4.2: Investors Invested in Other Schemes of Axis Bank

Responses	No. of Responses	Percentage
Yes	18	36%
No	32	64%
Total	50	100%

Source: Primary survey

As per the table above, 64% of the respondents have no investments in other schemes of Axis bank and 36% has made investment in other schemes of the bank.

Table 4.3: Influencers of Investors to make Investment

Responses	No. of Responses	Percentage
Friend/ relative	18	36%
Advertisements	16	32%
Bank employees	10	20%
Prospectus	6	12%
Total	50	100%

Source: Primary survey

As per the table above, 36% of the investors were influenced by friends/relative to make an investment in Axis bank. 32% are influenced by advertisements, 20% of the respondents are influenced by bank employees and 12% are influenced by the prospectus.

Table 4.4: Channel Used to Access Account

Responses	No. of Responses	Percentage
Direct Branch	10	20%
Mobile banking	8	16%
Net banking	12	24%
Phone banking	10	20%
ATM	10	20%
Total	50	100%

Source: Primary survey

As per the table above, out of the 50 respondents, 40% use direct branch services. 24% use net banking, 20% use phone banking, 20% uses ATM, 16% use mobile banking in order to access their account.

Table 4.5: Investments Time Period

Responses	No. of Responses	Percentage
3 months	6	12%
6 months	14	28%
1 year	10	20%
More than 1 year	20	40%
Total	50	100%

Source: Primary survey

From the above chart it is seen that out of the 50 respondents, 40% of them are using the services of the bank for more than 1 year, 28% are using the services of the bank since 6 months, 20% since 1 year and 12% since 3 months.

Table 4.6: Investment Risk Associated with Savings Account

Responses	No. of Responses	Percentage
High	10	20%
Moderate	18	36%
Low	22	44%
Total	50	100%

Source: Primary survey

As per the chart shown above, 44% of the respondents are on low risk in investing in Axis bank savings account. 36% perceives a moderate risk and 20% incurs a high risk on investing in Axis savings account.

Table 4.7: Customer Review on Axis Bank Savings Account

Responses	No. of Responses	Percentage
Excellent	8	16%
Very good	10	20%
Good	12	24%
Satisfactory	14	28%
Poor	6	12%
Total	50	100%

Source: Primary survey

According to the table given above, 28% of the total respondents have an excellent review on the savings account provided by Axis bank. 24% rates the savings account, as good. 20% have a very good review, 16% has a satisfactory review and 12% of the customers have a poor review on it.

Table 4.8: Areas of Improvement Needed

Responses	No. of Responses	Percentage
Updates	18	36%
Services	12	24%
Technology	8	16%
Relationship management	10	20%
Products	2	4%
Total	50	100%

Source: Primary survey

As per the chart shown above, out of the 50 respondents, 36% needs improvement on updates, 24% requires improvement on the services provided, 20% requires improvement on relationship management. 16% requires improvement on the existing technology and 4% requires improvement on the products offered by the bank.

Chi-Square Tests

4.11 Relation between the time Period and the Various Opened by the Investors in the Branch

Table: 4.11 Years and No. of Accounts Opened

Type of account \ Years	2012	2013	2014	2015	Calculated value	Table value	Interpretation
Easy Access Savings	545	381	640	821	54	7.815	No relation between the time period and the Easy Access Savings account opened by the investors in the branch.
basic savings	71	35	138	42	44.02	7.815	No relation between the time period and the Basic savings account opened by the investors in the branch.
Youth account	115	132	53	0	348.04	7.815	No relation between the time period and the Youth account opened by the investors in the branch.
Privilege priority savings account	12	4	2	1	12.75	7.815	No relation between the time period and the Privilege priority savings account opened by the investors in the branch.

Source: Compiled from Axis Bank reports

Note: Chi square test conducted with a level of significance of 0.05 and degrees of freedom 3

Findings

Regarding the Survey

In this study, majority of the investors belong to the annual income group between 1lakh to 4 lakh. Easy savings account is the most preferred scheme among the customers. Around 64% of the respondents have no investments in other schemes of Axis bank. This indicates majority of investors are interested in savings account only. Friends and relatives are one of the most important influencers of the investors while making investment decisions. It was found that now a days, net banking is the most used channel for accessing account. Investors are interested to keep their deposits for more than one year and 44% of investors think that savings account is risk free. Saving bank investors are almost has a satisfactory level of response in their banking experience. Updates and services must be improved for better investor satisfaction.

Regarding the Chi-Square Tests

There is no direct relationship between increases in no: of accounts of various savings scheme like Easy Access Savings account, Basic savings account, Youth account and Privilege priority savings account with increase in years. i.e there is no steady increase in number of accounts as yeas pass by.

Suggestions

The study shows that investors are more interested in schemes like easy savings account, basic savings account etc. The bank should update the existing technology and make a critical appraisal on the products offered. The bank should concentrate in improving the flexibility and to make the customers aware about the benefits provided on the gold loan savings and Krishi savings schemes which have a wider scope in the current market. The bank could offer a zero balance facility to the Krishi savings account which would encourage more farmers to open a savings account in the bank and to improvise the current declining trend of this account in the bank. Woman savings scheme is an innovative and relatively new concept. Hence many investors are not aware about it. Thus the bank should try to rise up the current declining trend in the woman saving scheme by encouraging start-ups. The bank should reduce the minimum balance required for the Youth account or make it a no frills account which would attract the youth to invest more in savings. And by these steps only, banks can increase the number of savings account. Thus measures should be taken to reduce the risk incurred by the investors. While comparing with other banks; the performance of Axis bank is quite good but not effective. So this could be raised up by introducing facilities like net banking, mobile banking, phone banking and by converting the direct branch services to the real time net banking.

Concluding Remarks

This study has made an attempt to understand the investor's preference to retail banking with special reference to various savings account schemes in Axis Bank. The main motive behind investing in such accounts is they are highly liquid, very low risk investment with a low expected rate of return.

People consider retail banks as one of the most reliable channel for making investment in saving schemes as they are considered to be the new gen banks and have a deeper insights about every aspect of the schemes. Of all those who have invested in savings account, majority were satisfied, whereas the schemes like Krishi savings, Youth savings, women savings requires to provide better investor flexibility.

In general, by investing in savings account, investors are assured of low risk, steady return and liquidity. Savings account also provide a convenient and effective link between other banking products like fixed deposits, current accounts by converting the savings account into long term investments like FD'S. As a result, savings account has proved to be a great solution to all kind of investors.

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