



DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE OF RETAIL LOAN BANK CUSTOMERS AND THEIR LEVEL OF AWARENESS TOWARDS NATURE OF RETAIL LOAN WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

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Abstract

Retail banking is being considered as one of the most innovative financial services provided by the various commercial Public Sector Banks, Private sector and foreign banks. Considering the growing demand for its products like term deposits, consumer durable loans, auto loans, debit card, credit cards, ATM facilities, insurance, online banking, etc. retail banking has a huge potential. The sharp rise in retail bank credit was also facilitated by the changing consumer demographics explaining the future consumption. In short, it can be said that there are many motive that influences the borrowing practices of individuals. This chapter aims to analyse on the concept that demographic and socio-economic factors influences the awareness level of retail bank customers.

Keywords: Retail Banking, Mortgages, Debit and Credit Cards, Financial Services, Customer Awareness, Customer Relationship Management.

INTRODUCTION

When a bank executes transactions directly with consumers, rather than corporations or other banks it is known as retail banking. The services offered in retail banking include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards. Today, retail banking is being considered as one of the most innovative financial services provided by the various commercial Public Sector Banks, Private sector and foreign banks. Considering the growing demand for its products like term deposits, consumer durable loans, auto loans, debit card, credit cards, ATM facilities, insurance, online banking, etc. retail banking has a huge potential. Retail lending has contributed significantly to the development of the economy. Retail lending has been an incredible innovation in the commercial banking sector during the recent years. The rapid advances in information technology, the evolving macroeconomic environment, financial market reforms etc has contributed to the growth of retail lending. For the last few years it has become synonymous with mainstream banking for many banks. As per the *Report on Trend and Progress of India* Retail banking is, however, quite broad in nature - it refers to the dealing of commercial banks with individual customers, both on liabilities and assets sides of the balance sheet. Fixed, current / savings accounts on the liabilities side; and mortgages, loans (e.g., personal, housing, auto, and educational) on the assets side, are the more important of the products offered by banks. Related ancillary services include credit cards, or depository services. The sharp rise in retail bank credit was also facilitated by the changing consumer demographics explaining the future consumption. In short, it can be said that there are many motive that influences the borrowing practices of individuals.

OBJECTIVE OF THE STUDY

To study demographic and socio-economic profile of banking customers and to analyse the borrower level of awareness behind availing retail loan from the schedule commercial banks.

RESEARCH METHODOLOGY

The study is based on primary data which has been obtained by collecting a structured printed questionnaire from 400 bank customers in Coimbatore District who have availed retail loan comprising of both public and private sector banks. Variables like age, educational qualification, marital status, Occupation and Monthly income have been considered for the study and the study shows how these factors influences the level of awareness of bank customer’s towards the nature of retail loan offered by scheduled commercial banks.

DATA ANALYSIS

Table: 1.1, Result of ANOVA, age of the bank customers’ and their level of awareness on nature of retail loans offered by SCBS

Variables	19-28 (N:193)		29-38 (N:163)		39-48 (N:22)		>48(N:22)		F Value	Sig
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Personal Loan	1.321	0.468	1.877	0.329	1.000	0.000	2.000	0.000	85.335	.000
Consumer Durable loan	1.777	0.618	2.448	0.499	1.000	0.000	2.000	0.000	74.415	.000
Vehicle Loan	1.352	0.479	1.736	0.442	1.000	0.000	2.000	0.000	41.941	.000

Home Loan	1.674	0.805	1.736	0.442	1.000	0.000	2.000	0.000	10.950	.000
Credit Card Loan	1.788	0.772	2.288	0.673	3.000	0.000	2.000	0.000	29.743	.000
Education Loan	1.674	0.805	1.877	0.329	2.000	0.000	2.000	0.000	5.389	.001
Jewel Loan	2.347	0.676	2.141	0.349	2.000	0.000	2.000	0.000	7.680	.000
Self Employed Professional Loans	2.358	0.811	2.411	0.494	2.000	0.000	2.000	0.000	4.752	.003
Festive Loans	2.472	0.823	2.669	0.472	2.000	0.000	3.000	0.000	11.585	.000
Pension Loans	2.363	0.664	2.534	0.500	3.000	0.000	3.000	0.000	15.630	.000
Personal Computer Loan	2.368	0.806	2.399	0.491	2.000	0.000	2.000	0.000	4.669	.003
Multi-Purpose Loan	2.368	0.813	2.571	0.497	3.000	0.000	3.000	0.000	11.885	.000
Others	2.016	0.800	2.264	0.442	2.000	0.000	2.000	0.000	5.208	.002

Level of Significance: 5 per cent

It is evident from the above table that the bank customers' who are aged above 48 years are found to be more aware of personal loan, vehicle loan, home loan, education loan, festive loans, pension loans and multi-purpose loans offered by SCBs. Similarly the respondents' who are aged between 39-48 years are found to be aware of credit card loan, education loan, pension loans and multi-purpose loans provided by SCBs. Further it has been inferred that the respondents' aged between 29-38 years have said that they are aware of consumer durable loan, personal computer loan and other personal loans offered by SCBs. On the other hand, the customers' aged between 19-28 years has gathered information on jewel loan and self-employed professional loans provided by the SCBs.

From the above table it has been inferred that probability value of ANOVA at 5 per cent level establishes good relationship between the variables tested. Therefore, the hypothesis framed stands accepted and it is concluded that demographic and socio-economic status (age) of bank customers' significantly influences their level of awareness towards the nature of retail loan offered by scheduled commercial banks.

Table: 1.2, Result of ANOVA Educational Qualification of the Bank Customers' and Their Level of Awareness on Nature of Retail Loans Offered By SCBS

Variables	UG (N:134)		PG (N:170)		Others (N:96)		F Value	Sig
	Mean	SD	Mean	SD	Mean	SD		
Personal Loan	1.321	0.469	1.635	0.483	1.792	0.408	32.340	.000
Consumer Durable loan	2.000	0.804	1.882	0.604	2.292	0.457	12.278	.000
Vehicle Loan	1.209	0.408	1.506	0.501	2.000	0.000	107.802	.000
Home Loan	1.522	0.753	1.506	0.501	2.208	0.408	52.355	.000
Credit Card Loan	2.313	0.740	1.906	0.779	2.021	0.665	11.649	.000
Education Loan	1.993	0.790	1.635	0.483	1.792	0.408	13.735	.000
Jewel Loan	2.687	0.466	1.988	0.498	2.000	0.000	120.362	.000
Self Employed Professional Loans	2.522	0.753	2.506	0.501	1.792	0.408	56.391	.000
Festive Loans	2.687	0.730	2.518	0.698	2.438	0.499	4.356	.013
Pension Loans	2.843	0.365	2.388	0.690	2.229	0.423	43.056	.000
Personal Computer Loan	2.851	0.358	2.247	0.651	1.792	0.408	124.050	.000
Multi-Purpose Loan	2.687	0.730	2.518	0.698	2.292	0.457	10.003	.000
Others	2.642	0.481	1.882	0.584	1.792	0.408	107.397	.000

Level of Significance: 5 per cent

The data presented in the above table indicates that under graduate customers' are found to be highly aware of the retail loans offered in the banks. The under graduate bank customers' have gained awareness on credit card loan, education loan, jewel loan, self-employed professional loans, festive loans, pension loans, personal computer loan, multi-purpose loan and other type of personal loans offered by the SCBs. Subsequently it has been inferred that the respondents' who have completed other courses like 10th, 12th, Diploma etc., are found to be aware of personal loan, consumer durable loan, vehicle loan and home loan provided in the banks.

From the above table it has been inferred that probability value of ANOVA at 5 per cent level establishes good relationship between the variables tested. Therefore, the hypothesis framed stands accepted and it is concluded that demographic and socio-economic status (educational qualification) of bank customers' significantly influences their level of awareness towards the nature of retail loan offered by scheduled commercial banks.

TABLE: 1.3, Result of ANOVA, marital status of the bank customers' and their level of awareness on nature of retail loans offered by SCBS

Variables	Married (N:270)		Unmarried (N:130)		F Value	Sig
	Mean	SD	Mean	SD		
Personal Loan	1.611	0.488	1.477	0.501	6.510	.011
Consumer Durable loan	2.030	0.716	2.000	0.557	0.172	.678
Vehicle Loan	1.600	0.491	1.369	0.484	19.562	.000
Home Loan	1.830	0.668	1.369	0.484	49.208	.000
Credit Card Loan	2.178	0.780	1.846	0.664	17.427	.000
Education Loan	1.848	0.534	1.677	0.728	7.052	.008
Jewel Loan	2.163	0.370	2.354	0.756	11.511	.001
Self Employed Professional Loans	2.096	0.626	2.846	0.362	160.412	.000
Festive Loans	2.563	0.635	2.539	0.749	0.116	.734
Pension Loans	2.567	0.496	2.369	0.738	9.968	.002
Personal Computer Loan	2.326	0.608	2.369	0.738	0.386	.535
Multi-Purpose Loan	2.511	0.638	2.539	0.749	0.144	.705
Others	2.244	0.578	1.846	0.664	37.743	.000

Level of Significance: 5 per cent

From the above empirical data analysis it has been observed that, the married people are found to be more aware of retail loan facilities offered in the banks. The respondents' who are married have sourced information on personal loan, consumer durable loan, vehicle loan, home loan, credit card loan, education loan, festive loans, pension loans and other personal loans offered by SCBs. Followed by it has been inferred that the youngsters who are unmarried & single are found to be aware of jewel loan, self-employed professional loans and personal computer loan and multi-purpose loans provided by the Scheduled Commercial banks.

From the above table it has been inferred that probability value of ANOVA at 5 per cent level establishes good relationship between the variables tested. Therefore, the hypothesis framed stands accepted and it is concluded that demographic and socio-economic status (marital status) of bank customers' significantly influences their level of awareness towards the nature of retail loan offered by scheduled commercial banks.

Table: 1.4, Result of ANOVA, Occupation of the Bank Customers' and Their Level of Awareness on Nature of Retail Loans Offered By SCBS

Variables	Business/ professionals (N:138)		Employed (N:194)		Students (N:68)		F Value	Sig
	Mean	SD	Mean	SD	Mean	SD		
Personal Loan	1.551	0.499	1.675	0.469	1.294	0.459	16.119	.000
Consumer Durable loan	2.203	0.696	1.794	0.635	2.294	0.459	24.659	.000
Vehicle Loan	1.696	0.462	1.443	0.498	1.412	0.496	13.123	.000
Home Loan	1.551	0.499	1.866	0.736	1.412	0.496	17.797	.000
Credit Card Loan	1.710	0.727	2.247	0.776	2.294	0.459	26.832	.000
Education Loan	1.551	0.499	1.892	0.561	2.000	0.773	18.994	.000
Jewel Loan	2.000	0.000	2.217	0.631	2.706	0.459	49.557	.000
Self Employed Professional Loans	2.159	0.367	2.237	0.779	3.000	0.000	52.960	.000
Festive Loans	2.464	0.501	2.464	0.822	3.000	0.000	19.569	.000
Pension Loans	2.159	0.653	2.572	0.496	3.000	0.000	63.709	.000
Personal Computer Loan	2.159	0.653	2.340	0.658	2.706	0.459	17.292	.000
Multi-Purpose Loan	2.522	0.737	2.351	0.668	3.000	0.000	26.253	.000
Others	2.159	0.653	2.021	0.659	2.294	0.459	5.303	.005

Level of Significance: 5 per cent

It is evident from the above table that, the students' who pursue their education are observed to be aware of consumer durable loan, credit card loan, education loan, jewel loan, self-employed professional loans, festive loans, pension loans, personal computer loan, multi-purpose loan and other personal loans provided by the SCBs. Similarly the salaried employees have gained awareness on personal loan and home loan provided by the banks. Further it has been observed that the businessmen and professionals have gathered information on vehicle loan offered by the SCBs.

From the above table it has been inferred that probability value of ANOVA at 5 per cent level establishes good relationship between the variables tested. Therefore, the hypothesis framed stands accepted and it concluded that demographic and socio-economic status (occupation) of bank customers' significantly influences their level of awareness towards the nature of retail loan offered by scheduled commercial banks.

Table: 1.5, Result of ANOVA, Monthly Income of the Bank Customers' and Their Level of Awareness on Nature of Retail Loans Offered By SCBS

Variables	<20,000 N:259)		20,000 - 40,000 (N:99)		40,001-60,000 (N:22)		>80,000 (N:20)		F Value	Sig
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Personal Loan	1.409	0.493	2.000	0.000	2.000	0.000	1.000	0.000	74.961	.000
Consumer Durable loan	1.834	0.682	2.515	0.502	2.000	0.000	2.000	0.000	30.357	.000
Vehicle Loan	1.355	0.480	1.768	0.424	2.000	0.000	2.000	0.000	39.051	.000
Home Loan	1.517	0.643	1.768	0.424	2.000	0.000	3.000	0.000	47.471	.000
Credit Card Loan	2.097	0.850	2.232	0.424	2.000	0.000	1.000	0.000	16.672	.000
Education Loan	1.757	0.709	2.000	0.000	2.000	0.000	1.000	0.000	18.426	.000
Jewel Loan	2.259	0.603	2.232	0.424	2.000	0.000	2.000	0.000	2.876	.036
Self Employed Professional Loans	2.429	0.639	2.455	0.500	2.000	0.000	1.000	0.000	42.437	.000
Festive Loans	2.521	0.754	2.455	0.500	3.000	0.000	3.000	0.000	7.412	.000
Pension Loans	2.517	0.637	2.455	0.500	3.000	0.000	2.000	0.000	11.012	.000

Personal Computer Loan	2.429	0.633	2.455	0.500	2.000	0.000	1.000	0.000	43.101	.000
Multi-Purpose Loan	2.521	0.754	2.515	0.502	3.000	0.000	2.000	0.000	8.072	.000
Others	2.166	0.670	2.232	0.424	2.000	0.000	1.000	0.000	26.883	.000

Level of Significance: 5 per cent

From the above empirical data analysis it has been inferred that the respondents' who earn between 20,000 - 40,000 per month have gathered information on personal loan, consumer durable loan, credit card loan, education loan, self-employed professional loans, personal computer loan and other personal loans. Batch of sample populations' who earn between 40,001-60,000 possess knowledge on personal loan, vehicle loan, education loan, festive loans, pension loans and multi-purpose loans offered by the SCBs. Subsequently it has been observed that the respondents' who earn more than 80,000 have gained awareness on vehicle loan, home loan and festive loans provided by the commercial banks. Further it has been found that the customers' who earn below 20,000 have gained awareness on jewel loan so as to pledge for emergency needs.

From the above table it has been inferred that probability value of ANOVA at 5 per cent level establishes good relationship between the variables tested. Therefore, the hypothesis framed stands accepted and it is concluded that demographic and socio-economic status (monthly income) of bank customers' significantly influences their level of awareness towards the nature of retail loan offered by scheduled commercial banks.

FINDINGS AND CONCLUSION

From the above data analysis it has been concluded that the demographic and socio-economic variables like age, educational qualification, marital status, occupation and monthly income of bank customers significantly influences their level of awareness towards the nature of retail loan offered by scheduled commercial banks. Banks have to concentrate on the changing consumer demographics and adopt strategies for customer satisfaction based on the borrowing practices of individuals for customer relationship management.

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