



DETERMINANTS OF BANK PREFERENCE

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ABSTRACT

Banks are considered as backbone to the financial system and play an important role in economic development of a society. The operation of the banking sector is more approximately connected to the economy than perhaps that of any other sector. Tamil Nadu ranks 7th State in the financial inclusion indication. As by the adoption of new technologies in agriculture production leads profits maximization, that the reason to operate the banking sectors in country side. Banking has generally suggested big banking products. Most usual deposit products are Saving Bank Account, Current Account, Term deposit Account, Debit cards, OD (Overdraft), FAST (Fast And Secured Transfers), Cheques, Credit cards, Electronic transfer, Phone Banking. Customer attitudes are a composite of a customer belief and feeling about and behavioral intentions towards the business and your competitors, understanding customer attitudes can help a bankers to monitor and change their intentions about choosing banking product or services. The preference of the individual customer is the outcome of their behavior they show mostly during searching, buying and disposing the products. Hence the objective of the study is based on the consumer banking habits attitude and preference. Questionnaire Method is used to collect the data for this research. 200 respondents were taken for the study using convenient sampling technique. For analyzing the data the Simple Percentage and weighted ranking method is applied. The major findings of the study and suitable suggestions are presented in this article.

Keywords: Bank, Preference, Habits, customers.

INTRODUCTION

Banks are considered as backbone to the financial system and play an important role in economic development of a society. They act as middle person in channelizing funds from surplus units to deficit units to the fully engage of the funds. The banking is one of the more necessity and important parts of the human life. The operation of the banking sector is more approximately connected to the economy than perhaps that of any other sector. In second half of 19th century the Imperial bank of India

have been started with the merger of three private banks like Bank of Bengal, Bank of Bombay and Bank of Madras, under the Act 1920. Today, Indian banks can challenge with modern banks of world. Co-operative banks stand side by side with commercial banks and play a further role in providing needed finance, particularly for agricultural activities. Tamil Nadu ranks 7th State in the financial inclusion indication. The State taken attempt for poverty minimization in urban areas through Socio economic change has been done by introducing Self Help Groups

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in rural areas with the help of the banking sectors. A Bank task is to provide customer with financial services that help people to regulate their lives. As technology and competition increases, banks gives various types of services to stay and pull customer. Banking Services are of four types: Individual, Business, Digital banking and loans.

STATEMENT OF THE PROBLEM

Savings is a great bearing on the development of economy. Just like other sectors there are many banking sectors in India they are playing an essential role fulfilling the needs of the customer and so the banking sectors also has many bank so it's difficult to refer which bank is the customer choice and why? . The current study is focused on the priority to know the factors of the selection of the particular bank and the customer habits in banking services. So, A study is conducted on the bank selecting ideas of the customers in Pollachi.

OBJECTIVES OF THE STUDY

- To study the socio economic of respondent.
- To understand the banking habits of the respondent.
- To trace out the expectation of the customer from the bank.

SAMPLING AND STATISTICAL TOOLS USED

The data required for the study have been collated by way structured questionnaire in order to know the customer's determinate of banking habits, totally 210 questionnaires issued and collected and 200 questionnaires are taken for analysis. Convenient sampling method is adopted to select the sampling customers. Statistical tools used are Simple Percentage method, Weighted average method.

LIMITATIONS OF THE STUDY

The data collected is primary data, which is based on questionnaire and hence the result would bear all the limitations of the primary data. The study is restricted to customer in Pollachi alone moreover; convinced sampling is used because it is not provide sample for the infinite population.

REVIEW OF LITERATURE

Shitu Adenipekun Gabrie (2010), assessment of banking habits among rural households in Southwest Nigera. The methodology adopted involved the use of well questionnaire for collection of information on factors that influence banking behavior among rural households. The objective is identify the socio-economic characteristics of the rural households, banking methods of rural households, the constraints facing rural households in their choice of methods of banking determine the relationship between socio-economic and the choice of Banking of rural households. It was revealed that unorganized /informal Rural households banking methods is the most preferred banking methods by the rural house holds

Radiah Abdul Kader, Nurhidayah Abdullah. study aims to understand customer preferences in selecting a bank. Primary data collected from the customers of an outstanding Bank Rakyat was analyzed using exploratory factor analysis. It is found that customers are attracted to Bank Rakyat because of its quality of service, its returns and its physical image. Analysis of Variance reveals that Muslim and non-Muslim customers are equally influenced by these factors. The relevant marketing strategies from this study are improvement of customer service satisfaction, attractive cost benefit and provision of good bank ambience.

Govind M. Dhinaiya(2016), studied about the preference and satisfaction in bank selection which provide some instruction to the banks for designing their future strategies in a competitive environment and founded that the factors like effectiveness of services, value added services, gift & coupons, physical environment, behavior of employee, and brand image were important for selection of a bank.

ANALYSIS AND INTERPERTATION

An effort has been made to examine and interpret the data relating to the socio-economic profile of sample respondent and also customers habits and attitude on the selection of bank.

TABLE: 1 FREQUENCY TABLE OF DEMOGRAPHIC PROFILE

Particular		No. of Respondents	%
Area	Town	64	32
	Villages	138	68
Age	Below 20 years	30	15
	21 – 30 years	75	37.5
	31 -40 years	53	26.5
	Above 40 years	42	21
Gender	Male	97	48.5
	Female	103	51.5
Marital status	Married	111	55.5
	Unmarried	89	44.5
Education qualification	SSLC/HSC	56	28
	UG	66	33
	PG	35	17.5
	Others	18	9
	Uneducated	25	12.5
Occupation	Pvt- employee	22	11
	Govt. employee	20	10
	Student	31	15.5
	Sef employee	69	34.5
	Agriculturist	51	25.5
	Professional	7	3.5
Monthly income	Below 1,000	22	11
	1,001 - 5,000	62	31
	5,001 - 15,000	81	40.5
	Above 15,000	35	17.5
Type of family	Joint	128	64
	Nuclear	72	36
Number of members in family	Below 4	76	38
	4-5	85	42.5
	Above 5	39	19.5

Monthly income of the family	Below 20,000	85	42.5
	20,001 – 30,000	75	37.5
	30,001 – 40,000	23	11.5
	Above 40,000	17	8.5
Total monthly saving percentage	Less than 10%	75	35.5
	10%	66	33
	20%	56	28
	30%	3	1.5

From the above table, The majority 64(32%) of respondents resides in rural area, the 75(37.5%) of respondents are in the age group of 20-30 years, 103(51.5%) of respondents are female, 111(55.5%) of respondents are married, 66(33%) of the respondents doing (or done) their UG, 69(34.5%) of the respondents are Self Employee, 81(40.5%) of respondents earn between Rs.1,001 – Rs.5000 per month, 128(64%) of respondents family type are joint family, 85(42.5%) of respondents family members are 4-5 in numbers, 85(42.5%) of respondents earn below

Rs. 20,000 as monthly family income, 75(35.5%) of respondents saves less than 10% of their monthly income as their monthly savings.

TABLE: 2 BANKING HABITS AND PREFERENCE

Customer's attitude simply as a composite of a customer's belief about, feelings about, and behavioral intentions towards selection of bank. Based on their feelings about the particular bank. Customers attitudes can help the bankers to monitor and change their behavior towards their services and customers.

	Particular	No. of Respondents	Percent
Reason for opening bank account	Savings	85	42.5
	To get loan	65	32.5
	For mortgage	33	16.5
	Scholarship	17	8.6
Number of bank accounts	1	67	33.5
	2-4	115	57.5
	More than 4	18	9
Selection of bank Induced by	Friends	43	21.5
	Family members	76	38
	Own idea	63	31.5
	Advertisement	13	6.5
	Government	5	2.5

What kind of sector	Public	70	35
	Private	18	9
	Both	112	56
Name of the bank	IOB	45	22.5%
	SBI	52	26%
	AXIS	4	2%
	CBI	16	8%
	Canara bank	42	21%
	Indian Bank	5	2.5%
	Syndicate	5	2.5%
	Dhanalakshmi	12	6%
	Vijaya bank	11	5.5%
	Co operative bank	4	2%
Kind Of Account	Pollachi cooperative bank	4	2%
	Savings	142	71%
Customers Feeling About Interest Rate	Current	58	29%
	Economical	66	33%
	Low	54	27%
	Normal	77	38.5%
Updates On Existing And New Polices	High	3	1.5%
	Yes	161	80.5%
Bank Visiting	No	39	19.5%
	Early Morning	84	42%
	In Afternoon	102	51%
	Evening	14	7%

Bank Account Usage	below 1 year	27	13.5%
	1-3 years	65	32.5%
	above 3 years	108	54%
Reason For Continued Patronage	Efficiency	49	24.5%
	Familiarity	58	29%
	Services at the bank	41	20.5%
	Location	52	26%
Primary Purpose To Visit The Bank	To deposit	91	45.5%
	To take loan	54	27%
	To get DD	14	7%
	To transfer funds	18	9%
	To use ATM	14	7%
	To use locker	9	4.5%
Most Admirable Services	Deposit	66	33%
	ATM	82	41%
	fund transfer	18	9%
	online banking	28	14%
	card services	2	1%
	Loans	4	2%
Reason To Contact Bank Manager	for loan enquiry	54	27%
	Complains	84	42%
	inquiries about credit card	11	5.5%
	confirming fund transfer	51	25.5%

From the above table, The majority 85(42.5%) of respondents opened their bank account for saving purpose, 115(57.5%) of respondents have 2 - 4 bank accounts, 76(38%) of respondents use because of their

Family members, 112(56%) of respondent have their bank accounts in both public and private Sectors, 52(26%) of respondent have their bank accounts in SBI, 142(35%) of respondents have Savings account,

77(38.5%) of respondents feels the interest rate is Normal, 39(19.5%) of the respondents say Yes they get an updates from their bank, 102(51%) of the respondents visit banks in Afternoon, 108 (54%) of the respondents uses it for above 3 years, 58(24.5%) of the

respondents have a continued patronage because of its Location, 66(33%) of the respondents admirable services is ATM, 84(42%) of the respondents contact their bank manager for complains.

TABLE: 3 FREQUENCY USAGE OF SERVICES

No	Services	Not even once in a year	Once In A Year	Once In Six Months	Once In Three Months	Once In A Months	Once In Two Week	Once In A Week
1	Deposits	0 (0%)	16 (8%)	30 (15%)	26 (13%)	40 (20%)	59 (29.5%)	29 (14.5%)
2	Loans	17 (8.5%)	40 (20%)	41 (20.5%)	18 (9%)	44 (22%)	32 (16%)	8 (4%)
3	Taking draft	41 (20.5%)	34 (17%)	49 (24.5%)	30 (15%)	36 (18%)	6 (3%)	4 (2%)
4	Collection/payment services	33 (16.5%)	58 (29%)	34 (17%)	31 (15.5%)	30 (15%)	9 (4.5%)	5 (2.5%)
5	Funds transfer	30 (15%)	55 (27.5%)	30 (15%)	41 (20.5%)	23 (11.5%)	16 (8%)	5 (2.5%)
6	Reference services	60 (30%)	38 (19%)	25 (12.5%)	35 (17.5%)	20 (10%)	11 (5.5%)	11 (5.5%)
7	ATM / Credit card Services	11 (5.5)	9 (4.5%)	13 (6.5%)	17 (8.5%)	31 (15.5%)	52 (26%)	67 (33.5%)
8	Online/M-Banking services	25 (12.5%)	22 (11%)	15 (7.5%)	22 (11%)	26 (13%)	50 (25%)	40 (20%)
9	Safe locker	26 (13%)	49 (24.4%)	68 (34%)	26 (13%)	16 (8%)	10 (5%)	5 (2.5%)

From the above table, Majority 59 (29.5%) of the customers frequency in usage of deposit services is once in two weeks, Majority 44 (22%) of the customers frequency in usage of loan services is once in a month, Majority 49 (24.5%) of the customers frequency in usage of taking draft services is once in six months, Majority 58 (29%) of the customers frequency in usage of collecting services is once in a year, Majority 55 (27.5%) of the customers frequency in usage of fund

transfer is once in a year, Majority 60 (30%) of the customers frequency in usage of reference services is not even once in a year, Majority 67 (33.5%) of the customers frequency in usage of ATM Services is once in a week, Majority 50 (25%) of the customers frequency in usage of online/mobile banking is once in a two weeks, Majority 68 (34%) of the customers frequency in usage of safe locker is once in six months.

TABLE: 4 Expected services of the customer

WEIGHTED AVERAGE – SCORE										
RANK	WEIGHT	SERVICES	GOOD SERVICERS	NEW BRANCHES	QUICK SANCTION OF LOAN	ATM FACILITY	DEVELOPED TECHNOLOGY	GREATER RESPONSIVENESS	BANKING EASY	MORE OPTION IN BANKING
1	8	208	136	128	368	216	216	200	144	
2	7	112	175	224	259	182	105	210	140	
3	6	186	198	138	132	132	198	126	102	
4	5	180	175	105	145	115	115	105	65	
5	4	92	104	100	96	112	88	108	112	
6	3	63	69	87	45	93	93	63	87	
7	2	46	52	38	30	54	50	52	70	
8	1	24	15	35	12	16	24	29	40	
Total Score		911	924	855	1087	920	889	893	760	
Average score		113.88	115.50	106.88	135.88	115.00	111.13	111.63	95.00	
	IV	II		VII	I	III	VI	V	VIII	

From the above table, it is stated that the ranking for the Expected services given by the customers. According to their values the average score are ranked. Among the eight factors, majority of the respondents considered ATM facilities as a main facility hence it is ranked first, secondly for new branches in rural areas is considered most and holds second rank, developed technology is considered third, good services is ranked fourth, easy way of banking is considered fifth, greater responsiveness is considered sixth, quick sanction of loan followed by more banking option is ranked seventh and eight respectively.

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SUGGESTIONS

The following suggestions can be given after detailed and careful investigation of the research

problem in the study area. These suggestion would help the banking sectors to have good services to satisfaction their customer based by delivering consumers expectation.

- To have updated technology in bank.
- To have more ATM services in rural location.
- To maintain proper machines and cash filling in ATM.
- To have materials (deposit slip, challan) in huge manner.
- To maintain a good counter facilities.

CONCLUSION

In India, a number of banking sectors are to provide efficient and quality services to their customer. Both public and private sectors are competing at close margin and are trying to provide multiple value added services to their customers. Hence the banking sector to provide high interest rate in deposit and low interest in loan, to have a updated technology related to banking sector. The study in hand reveals that majority of the respondents choose their BANK because of its physical facilities and of their updated value added services.

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