

IMPACT ON CUSTOMER LOYALTY TOWARDS SERVICES IN COOPERATIVE CREDIT SOCIETY

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Abstract: Cooperative banks in Tamil Nadu have a major impact on the finance industry and the India economy. The Indian financial ecosystem differs in comparison with other countries because of a higher number of cooperative banking groups, which have a dominant market share in the financial industry. With a highly competitive retail banking market frequently described as a commoditized space, customer satisfaction remains the largest competitive advantage for banks

Key Words: Cooperative banks, Customer Loyalty.

1. INTRODUCTION:

A co-operative credit society is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. It is often established by people belonging to the same local or professional community having a common interest. It is formed to promote the upliftment of financially weaker sections of the society and to protect them from the clutches of money lenders who provide loans at an unreasonably high-interest rate to the needy. The co-operative structure is designed on the principles of cooperation, mutual help, democratic decision making and open membership. It follows the principle of 'one shareholder, one vote' and 'no profit, no loss'.

Important given to co-operative banks in India is very much high compared to the parts of the world. Their role in rural financing continues to be important even today and their business in the urban areas also has increased phenomenally in recent years mainly due to the sharp increase in the number of primary co-operative banks. Cooperatives bank regulated by Reserve Bank of India, NABARD & Apex bank. They are governed by the Banking Regulation Act 1949 and Banking Laws Act,1965.

Cooperative banking institutions take deposits and lend money in most parts of the world. Cooperative bank as discussed here includes retail banking carried out by credit unions, mutual savings banks, building societies and cooperatives as well as commercial banking services provided by mutual organizations to cooperative businesses. A Bank is a financial institution licensed to receive deposit and make a loan. Bank may also provide financial services such as wealth management, currency exchange, and safe deposit boxes. There are several different kinds of banks including retail banks, commercial or corporate banks, and investment banks, In most countries banks are regulated by the national government or central.

2. REVIEW OF LITERATURE:

S.MAYILVAGANAN AND E. SAUNDAVARJAN (2013) in their article, "The customer service in UCBs comparatively better because local employees are recruited who are well familiar to the customers".

SHANTANU BOSE (2014) Co-operative banks play significant role in the development of small & medium industries in urban areas. This paper focuses on the current scenario of urban co-operative banking system in India, by mentioning its need, its brief history, its current structure among the co-operative credit society, improvement in financial position of UCB's and also highlights the challenges faced by the UCB's and its future prospects.

3. OBJECTIVES OF THE STUDY:

- To understand the banking products and services rendered by co operative credit society.

- To study the demographic profile of the respondents.
- To analyse the customer loyalty of the respondents towards the services of co operative credit society.
- To offer fruitful suggestions to improve the quality of banking services for enhancing customer loyalty.

4. DATA ANALYSIS AND INTERPRETATION:

4.1 Respondents level of satisfaction on banking product offered

The TCCS Bank provides various loans like Personal loan, Jewel loan, SSI loan, Agriculture loan to its customers. The following table 3.13 indicates .the level of satisfaction of the respondents on the banking product offered.

Table 4.1

Particulars	High		Medium		Low		TWS	WA
	NR	WS	NR	WS	NR	WS		
Personal loan	7	21	14	28	10	10	59	1.9
Jewel loan	8	24	19	38	4	4	66	2.2
SSI loan	6	18	12	24	13	13	55	1.8
Agriculture loan	13	39	14	28	4	4	71	2.3

4.2 Respondents opinion on banking operations

The respondents opinion on banking operations are analyzed with the help of ranking technique and the results are shown in the table 4.2

Table 4.2

Particulars	Rank 1		Rank 2		Rank 3		Rank 4		Rank 5		Rank 6		Rank 7		TWS	R a n k
	N R	W A	N R	W A	N R	W A	N R	W A	N R	W A	N R	W A	N R	W A		
Formalities of opening account	3	21	7	42	2	10	7	28	4	12	3	6	5	5	124	3
Document s required are easy produce	6	42	2	12	9	45	2	8	5	15	3	6	4	4	132	1
Minimum balance required for opening the account in nominal	4	28	7	42	2	10	9	36	2	6	2	4	5	5	131	2
Friendly and approachable bank employees	6	42	3	18	2	10	3	12	2	6	10	20	5	5	113	6
Clear idea on terms and Conditions	6	42	3	18	5	25	2	8	6	18	2	4	7	7	122	5
Nominal interest Rates	2	14	3	18	5	25	3	12	8	24	3	6	6	6	105	7
Easy withdrawal Procedure	4	28	6	36	2	10	5	20	4	12	7	14	3	3	123	4

Source: Computed Data

NR = No. of Respondents, WS = Weighted Source, TWS = Total Weighted Source

WA = Weighted Average

Table 4.2 shows that the respondents level of satisfaction towards Agriculture loan is high with the mean score of 2.3, which is followed by jewel loan with the mean score of 2.2. The respondents level of satisfaction towards personal loan and SSI loan are low with the mean score 1.9 and 1.8 respectively. Hence it can be concluded that the bank has to concentrate on personal loan and SSI loan to improve the level of satisfaction of its customers.

4.3 Respondents opinion on loan procedure

The researcher has analyzed the loan procedure stated by the respondents and results are exhibited in Table 4.3.

Table 4.3

Particulars	Rank 1		Rank 2		Rank 3		Rank 4		Rank 5		Rank 6		Rank 7		TWS	Rank
	N R	W A	N R	W A	N R	W A	N R	W A	N R	W A	N R	W A	N R	W A		
Quick formalities getting loan	5	35	5	30	4	20	3	12	4	12	6	12	4	4	125	4
Acceptance of many kind of securities	5	35	3	18	4	20	7	28	4	12	5	10	3	3	126	3
Easy repayment schedule	4	28	4	24	3	15	4	16	7	21	3	6	6	6	116	6
Handsome loan amount	5	35	5	30	6	30	4	16	5	15	4	8	2	2	136	1
Clear idea on terms and conditions	2	14	8	48	7	35	4	16	3	9	3	6	4	4	132	2
Nominal interest rates	4	28	4	24	4	20	3	12	2	6	5	10	9	9	109	7
Easy repayment procedure	5	35	4	24	3	15	4	16	4	12	8	16	3	3	121	5

NR= No of respondents **WA** = Weighted Average **TWS** = Total weighted source Table 3.16 highlights the respondents' opinion on loan procedure. Based on the ranks allotted by the respondents, weighted score are calculated and ranks allotted. With the weighted score of 136, first rank was secured by "Handsome loan amount" With the weighted score of 132, second rank was secured by "Clear idea an terms and conditions" With the weighted score of 126, third rank was secured by "Acceptance of many kind of securities" With the weighted score of 125, fourth rank was secured by "Quick formalities getting loan" with the weighted score of 121, fifth rank was secured by "Easy repayment procedure" and weighted score of 116, and 109 is the next level of rank secured by "Easy repayment schedule" and "Nominal interest rates".

4.4 Difficulties faced for getting the loan

Table 4.4

Particulars	Rank 1		Rank 2		Rank 3		Rank 4		Rank 5		TWS	Rank
Complex Formalities	4	20	6	24	8	24	10	20	3	3	91	3
Demand For more securities	4	20	4	16	7	21	8	16	8	8	81	5
High interest rates	5	25	7	28	6	18	3	6	10	10	87	4
Rigid payment procedure	7	35	9	36	5	15	3	6	7	7	99	2
Limited purposes for loan sanction	10	50	6	24	5	15	7	14	3	3	106	1

Source: Computed Data

NR = No of respondents WA=Weighted Average TWS= Total weighted source

From the above table 3.17 shows that ranking order of the problems which affect their difficulties faced getting loan. The weighted scores are calculated and ranks are allotted. When the weighted score of 106, first rank was secured by “Limited purposes for loan sanction”. When the weighted score of 99, second rank was secured by “Rigid payment procedure” When the weighted score of 91, third rank was secured by “Complex formalities” when the 87 and 81 is the “High interest rate” and “Demand for more securities” is next ranked.

4.5 Level of satisfaction

Table 4.5

Particulars	Highly Satisfied		Satisfied		Neutral		Dis satisfied		Highly dis satisfied		TWS	WA
	N R	W A	N R	W A	N R	W A	N R	W A	N R	W A		
Deposit schemes	13	65	12	48	3	9	1	2	2	2	126	2.52
Loan schemes	4	20	14	56	7	21	4	8	2	2	107	2.14
Employee behavior	4	20	7	28	15	45	3	6	2	2	101	2.02
Banking facilities	7	35	10	40	5	15	6	12	3	3	105	2.1
Convenient services	7	35	9	36	7	21	3	6	5	5	103	2.06

Source: Computed data

NR= No of Respondents, WS= Weighted Source, TWS= Total Weighted source

WA= Weighted Average

From the above table 4.5 we can observe that the respondents are highly satisfied with the deposit schemes, with the highest weighted average of 2.52, loan schemes stood next with the weighted score of 2.14, banking facility secures the weighted average of 2.1 and convenient services has the weighted average of 2.06 and the employee behavior got the least weighted average of 2.02.

5. SUGGESTIONS :

- Most of the respondents are illiterates. So the bank should simplify the procedure and documentation in banking operations.
- Institutional credit should be earmarked not only for small farmers, tenants and share croppers but also for landless workers and artisans.
- Interest-free loans on a long-term basis should be provided to the poorest of the poor so that they could free themselves from the burden of redeeming the loans out of their meager incomes.
- Professionalism should be introduced in staffing and adequate training opportunities should be provided to the employees of cooperatives for skill upgradation
- They should frame sound and prudent policies for loans and investments and conduct themselves in the larger interests of the depositors and the general public.
- Nowadays infrastructural facility is a major thing so each and every facility offered by cooperative bank must satisfy by the customer.

6. CONCLUSION :

Cooperative movement plays a significant role in the economy of our country by giving great strength to the economic progress. Today, co-operative banks operate across the country alongside commercial banks and play a crucial role in providing need-based finance, especially to people engaged in agricultural and agriculture-based operations including those related to farming, cattle and milk, as well as to some small industries and self-employment-driven activities. Cooperatives have inherent advantages as member-owned and member controlled institutions. Successive governments have acknowledged their role in improving the productivity and eradication of

poverty among the rural masses and contribution to development of rural economy and provided support and assistance as a part of State-promoted policies. The customer loyalty of the study unit is moderate and hence, they have to take up the suggestions put forward by the researcher for improving their customer relationship management and service quality.

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