

**LOAN BORROWER'S SATISFACTION TOWARDS EQUATED
MONTHLY INSTALLMENT (EMI) OPTIONS OF COMMERCIAL
BANKS IN COIMBATORE CITY**

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ABSTRACT

The banking industry offers more customary services to the customers like deposits and loans, etc. In particular, the loan services are mostly used by the customers of the banking institutions in India. The bank loans are a significant engine for fulfilling requirements of the car loan, housing loan, business loans with periodic payment system like Equated Monthly Installment (EMI) option. The researcher analyzed the loan borrower's satisfaction level towards EMI option in commercial banks in Coimbatore and also measure the factor influences to loan borrowing by EMI facility in the study area. The present study carried out by the researcher, is an empirical study in nature and this is based on Survey Method. The data required for carrying out the present study were collected by the researcher in two stages. In the first stage, the personal data relating to the sample respondents and specially designed questions for this purpose of the loan. The tools for collecting the primary data were constructed by the researcher. The purposive sampling method adopted for the sample selection. Casual interviews were conducted with 1000 loan borrowers of the commercial banks by EMI options in Coimbatore city. This current study covers a period from 2017-18. The study has utilized the tools and techniques like descriptive analysis, percentage analysis, Chi-square analysis in the current research work.

Keywords: Banking Industry, Equated Monthly Installment, Customer Satisfaction

1. INTRODUCTION

The banking industry offers more customary services to the customers like deposits and loans, etc. In particular, the loan services are mostly used by the customers of the banking institutions in India. The bank loans are a significant engine for fulfilling requirements of the car loan, housing loan, business loans with periodic payment system like Equated Monthly Installment (EMI) option. The banking services are ranked fourth in terms of the multiplier effect on the economy and third amongst 14 major industries in terms of the total linkage effect. After

agriculture, the banking industry is the second largest employment generator in India. Most of the banking institutions and other financial institutions are providing EMI loan facility with the monthly repayment system. Now a day, the EMI concept is familiar with the different group of product buyers in the Indian economy.

2. LITERATURE REVIEW

The researcher has used some other literature reviews for the collecting immense ideas related to the loan services with EMI options. Titko and Lace (2010) highlighted that the aggressive power and endurance of a bank lies in the degree of its customer fulfillment. Banks therefore compensate meticulous awareness to customer. According to Stafford (1996), due to the actuality that banks vend undifferentiated items, the only successful tool they can utilize to stay alive in the marketplace is the excellence of service. Bowen and Hedges (1993) states that banks that present very high excellence services have a spirited advantage because the payback of improved eminence of service are great market shares, augmented in profits and amplified in customer preservation. Anderson et al. 2004 identified that customer gratification has been widely studied in the pasture of marketing over the last 2 decades. It has happen to a significant assemble for promotion scholars (McQuitty et al. 2000) and It is by extreme the most normally utilized customer sloping metric by managers (Gupta and Zeithaml, 2006) because it is common and can be calculated generally for every products and services including non-profit and public services (Zeithaml et al. 2006). Boyd W. et al. (2011) have carried out the study to value the major aspects affecting the housing finance choices of customers and driven- in- services. Machauer A. and Morgner S. (2012) have affirmed that segmentation to be chosen by probable benefits and approach that could improve a bank's aptitude to address the conflict between individual's services and cost saving standardization. Jasmindeep & Pasricha (2014) opinioned that the immemorial protection was measured as a basic necessity of a man. Ashok & Abinaya (2017) included that the customers were fulfilled with the service offered by HDFC Ltd. Further the research reveals that there is no important association between the educational qualification of the clients and their fulfillment against the service supplied by HDFC Ltd.

3. STATEMENT OF THE PROBLEM

Now a day, the loan borrowers are attracted by the bankers with their lucrative offers of lower interest rate, doorstep services, no requirement of guarantor, etc. Especially, nationalized banks are keen in lower rate of interest with EMI options. But in nationalized banks, rules are very strict and stringent. However, once the loan process is complete, life is much easier when compared to private banks. The EMI holders' satisfaction can be considered the essence of success in today's highly competitive world of business. In both public sector and private sector banks, the EMI loan holders are facing more problems in the study area. The banking industry is

also facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers, and the changing climate has presented an unprecedented set of challenges. The present study has adopted to find out the EMI holders satisfaction in Coimbatore city.

4. OBJECTIVES OF THE STUDY

This study has the following objectives:

1. To discover the demographic profile and purpose of loan borrowers by EMI option in Coimbatore City.
2. To analysis the loan borrower's satisfaction level on EMI option in commercial banks in Coimbatore.
3. To measure the factor influences to loan borrowing by EMI facility in the study area.

5. METHODOLOGY

The present study carried out by the researcher, is an empirical study in nature and this is based on Survey Method. The data required for carrying out the present study were collected by the researcher in two stages. In the first stage, the personal data relating to the sample respondents and specially designed questions for this purpose of the loan. The tools for collecting the primary data were constructed by the researcher. The purposive sampling method adopted for the sample selection. Casual interviews were conducted with 1000 loan borrowers of the commercial banks by EMI options in Coimbatore city. This current study covers a period from 2017-18. The study has utilized the tools and techniques like descriptive analysis, percentage analysis, Chi-square analysis in the current research work.

6. SCOPE OF THE STUDY

The banking industry has grown by leaps and bounds in a few years. The loan disbursements with EMI options by banks have witnessed phenomenal growth during these years. There are greater numbers of borrowers of loans by EMI options. By this study, it is attempted to measure the satisfaction level of EMI loan borrowers of commercial banks in Coimbatore city and the factors influencing their satisfaction level.

7. LIMITATIONS OF THE STUDY

The study is restricted and taken 1000 sample respondents within Coimbatore city. The results of the study cannot be comprehensive in its unique form to other parts of the State or country. The study has included loan borrowers of commercial banks in Coimbatore city.

8. FINDINGS OF THE STUDY

The present research work has calculated the percentile analysis and checked the factor influencing the lending through EMI option in Coimbatore city. The following table provided that the personal details and loan purpose of the EMI holders as given below:

Table 1: Personal Details and Loan Purpose of the Sample Respondents

	Factors	Category	No. of Samples	Percentage (%)
Personal Details	Gender	Male	632	63.20
		Female	368	36.80
	Age Group	Young	326	32.60
		Middle	385	38.50
		Old	289	28.90
	Marital Status	Married	445	43.50
		Unmarried	555	55.50
	Literacy Level	Schooling	256	25.60
		UG Degree	189	18.90
		PG Degree	267	26.70
		Professional Course	178	17.80
		Other Category	110	11.00
	Occupation	Employed	199	19.90
		Business	271	27.10
		Professional	297	29.70
		Retired	150	15.00
		Others	83	8.30
	Monthly Income	Low	234	23.40
Medium		325	32.50	
High		441	44.10	
Loan Purpose	Purpose of Availing Loan	Provisions	370	37.00
		Luxury items & vehicles	451	45.10
		Home Appliances	179	17.90
	Purpose of EMI loan	Having Salary Account	672	67.20
		CIBIL Score purpose	328	32.80
	Total		1000	100.00

Source: Primary Data

The table-1 indicates that the personal details of the EMI lenders and purpose of the loan in Coimbatore city. This present study contains the male respondents mostly and they are mostly middle age of 30-40 years old. The EMI loan borrowers were mostly unmarried and most of them studied PG degree with the occupation of professionals. The respondents have higher monthly income and they have taken loan for purchasing luxury items and vehicles in Coimbatore city. Mostly the loan borrowers using their source of salary account for frequent repayment of the loan in commercial banks.

Table 2: EMI Loan Borrower’s Satisfaction Level on EMI Options in Banks

Level	No. of Samples	Percentage
Lower Satisfaction	163	16.30
Medium Satisfaction	183	18.30
Higher Satisfaction	654	65.40
Total	1000	100

Source: Survey Data

Table-2 reveals that out of the 1000 sample respondents, 163 respondents (16.30%) derived low level of satisfaction, 183 respondents (18.30%) derived medium level of satisfaction and the remaining 654 respondents (65.40%) derived high level of satisfaction from the EMI loan facility offered by the commercial banks. It indicates that the majority of the EMI holders have higher satisfaction level in the present study.

Table 3: Chi-Square Test - Factors Influencing the EMI Facility for Lending Money Derived by the Respondents

Sl.No.	Variables	Calculated Value	P Value	D.F	Significance
1	Age Group	7.620	0.001	4	Significant
2	Gender	4.568	0.002	2	Significant
3	Marital Status	0.517	0.772	2	Not Significant
4	Education Qualification	3.056	0.001	8	Significant
5	Occupational Status	6.582	0.002	8	Significant
6	Family Monthly Income	0.450	0.978	4	Not Significant

7	Purpose of Availing Loan	1.847	0.004	4	Significant
8	Purpose of EMI Loan	0.098	0.952	2	Not Significant

*Table: value at 5% Level

The analysis result reveals that personal factors and purpose of the loan of the respondents. It indicates that respondent's personal factors like age, gender, educational qualification, occupation and purpose of availing loans significantly influence to get loan by EMI option in the commercial banks.

9. CONCLUSION

The customer satisfaction is essential one in each and every industry including banking industry. The banking institutions EMI facility is fulfilling the customer's requirements through their effective services. The investigator has made a sincere attempt to analyze customer satisfaction and the checking the influences of EMI loan service in commercial banks in Coimbatore. The respondents have higher monthly income and they have taken loan for purchasing luxury items and vehicles in Coimbatore city. Mostly the loan borrowers using their source of salary account for frequent repayment of the loan in commercial banks. The EMI loan payer's personal factors like age, gender, educational qualification, occupation and purpose of availing loans significantly influence to get loan by EMI option in the commercial banks in Coimbatore city.

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