INFLUENCE OF LOANS AND ADVANCES SCHEMES IN DETERMINING THE SERVICE QUALITY OF BANKS – A STUDY WITH SPECIAL REFERENCE TO CANARA BANK IN SIVAKASI

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ABSTRACT

In order to design suitable strategies it is imperative to the banks to understand all such influencing variables. If the bank's policies and practices are in par with the expectations of their customers, then the customers will feel of a better quality of services. They will be committed to their work as well as to the bank customers. Otherwise, the results will be reversed. It will be reflected in improving the standard of living, decrease in service costs and profitability. The objective of the present study is to analyse the perception of customers towards the service quality of Canara Bank. In order to study the perception of customers towards the service quality of canara bank in Sivakasi, 200 customers of canara bank surveyed. The sample was selected on the basis of convenient sampling method. The customers, who visited the banks were met and asked to fill the questionnaire. It is found that there is no significant association between sex, marital status, educational qualification, income and occupation and their level of perception towards the loans and advances of Canara Bank.

INTRODUCTION

The services offered by the bankers are highly dependent upon the customer's need, cost of services offered, level of income, repaying capacity, customer's expectation and their perception. In order to design suitable strategies it is imperative to the banks to understand all such influencing variables. If the bank's policies and practices are in par with the expectations of their customers, then the customers will feel of a better quality of services. They will be committed to their work as well as to the bank customers. Otherwise, the results will be reversed. It will be reflected in improving the standard of living, decrease in service costs and profitability. So there

is a need for each and every bank to identify the attitude of their customers towards the service quality provided by them.

Banks began to use technology to provide better quality of services at greater speed. Internet banking and mobile banking made it convenient for customers to do their banking from geographically diverse places. Delivering high quality services is a prerequisite for achieving customer satisfaction and only through customer satisfaction can any organization gain customer retention.

OBJECTIVES OF THE STUDY

The objective of the present study is to analyse the perception of customers towards the service quality of Canara Bank.

HYPOTHESIS OF THE STUDY

Based on the objectives of the study, the following hypothesis was framed.

1. There is no significant association between demographic profile of the respondents and their level of perception towards the loans and advances schemes of canara bank.

METHODOLOGY

In the present study the descriptive research design has been used. The descriptive research is marked by a clear statement of the problem, specific hypothesis, detailed information needs, sample selection, data collection and processing and analysis of the collected data to get valid inferences in the form of findings. The present study deals with the perception of customers towards service quality offered by the banks. Hence the present study is purely descriptive in nature.

Sources of Data

The required data for the present study has been collected from primary and secondary data sources.

Primary Data

Primary data was collected with the help of structured interview schedule from 200 respondents.

Secondary Data

The secondary data has been collected from various standard text books, research articles, reports, leading newspapers, magazines, Journals and websites.

Data Collection Period

The study covers a period of six months from August 2016 to January 2017. The report was prepared between February 2017 to April 2017.

Sampling Design

In order to study the perception of customers towards the service quality of canara bank in Sivakasi, 200 customers of canara bank surveyed. The sample was selected on the basis of convenient sampling method. The customers, who visited the banks were met and asked to fill the questionnaire. The objective of the study was clearly explained to them to ensure co-operation, sincerity and accuracy in their responses.

STATISTICAL DESIGN

The data collection was analyzed by keeping in view the objectives of the study. For the purpose of analysis Percentage analysis and ANOVA were used.

AREA OF THE STUDY

The present study has been undertaken to study the customers perception towards service quality of canara bank in Sivakasi.

PERIOD OF THE STUDY

The data was collected between August 2016 and January 2017. The report was prepared during February 2017 and April 2017.

PROFILE OF THE RESPONDENTS

This part of the research paper projects the demographic characteristics of the customers in the study area such as gender, nativity, marital status, age, education qualification, monthly income, annual savings**,** occupation, family size and religion. This is very important in studying the influence of these variables in measurement of service quality.

TABLE 1

SOCIO ECONOMIC PROFILE OF THE RESPONDENTS

Particulars	Number of Respondents	Percentage
Gender		
Male	76	38
Female	124	62
Age		
Below30 Years	110	55
30-40 Years	46	23
41-50 Years	37	18.5

Above 50 Years	7	3.5
Marital Status		
Married	100	50
Unmarried	96	48
Divorced	4	2
Educational Qualification		
Illiterate	22	11
Up to high school	29	14.5
Diploma holders	30	15
Under graduates	94	47
Post graduates	16	8
Professionals	9	4.5
Occupation		
Businessmen	26	13
Government Employees	27	13.5
Private Employees	133	66.5
Professionals	14	7
Monthly Income		
Below 5000	44	22
5000-10000	113	56.5
10001-15000	32	16
15001-20000	5	2.5
Above 20000	6	3

Source: Primary data

PERCEPTION TOWARDS THE LOANS AND ADVANCES

Banks provides loans and advances to the customers. The banks are acting as an intermediary between savers and the persons able and willing to borrow. In order to measure the perception of customers towards the loans and advances of Canara Bank, six statements are developed based on the earlier studies. It is presented below:

1. Banks sanction the loans within a stipulated period of time.

2. Rate of interest for loan is low.
3. Procedure for obtaining loan is easy.
4. Employees of the bank are co-operative.
5. Mode of repayment is convenient.
6. Charges are nominal.

The perception of respondents towards the loans and advances of Canara Bank was obtained by using those six statements. The perception of the customers has been analyzed through likert's five- point scale. The weights were assigned to the scales are given below.

Strongly Agree	-	5 Points
Agree	-	4 Points
No Opinion	-	3 Points
Disagree	-	2 Points
Strongly Disagree	-	1 Point

Total weighted scores for each statement is found out by adding the score values. The quartile values are calculated for each respondent. The respondents with less than 18(Q1) was classified as low group. The respondents with more than 22(Q3) was classified as high group and the remaining respondents i.e., between 18 and 22 was classified as medium group. The analysis was done by using SPSS. It is shown in Table 2.

Table 2

Level of Perception of Customers towards Loans and Advances

Particulars	No of respondents	Percentage
Low	63	31.5
Medium	79	39.5
High	58	29.0
Total	200	100.0

Source: computed Data

From Table 2, it is revealed that out of 200 respondents, 63(31.5%) had low level of perception towards the loans and advances of Canara Bank, followed by 79(39.5%) had medium level of perception towards the loans and advances of Canara Bank and the remaining 58(29%) of them had high level of perception towards the loans and advances of Canara Bank.

It is found that 39.5 per cent of the respondents have medium level of perception towards the loans and advances of Canara Bank.

In order to test the relationship between demographic profile and their perception towards the loans and advances of Canara Bank, the following hypothesis was formulated as follows.

H01: There is no significant association between demographic profile of the respondents and their level of perception towards the loans and advances of canara bank.

ANOVA was used to test the hypothesis and the results are discussed in the following section.

Sex and their level of Perception towards the Loans and Advances

The perception of male and female customers towards the loans and advances may differ. The researcher has analysed the sex and their level of perception towards the loans and advances and is presented in the following table.

Table 3

Sex and their level of Perception towards the Loans and Advances

Particulars	Low	Medium	High	Total
Male	23(36.51%)	31(39.24%)	22(37.93%)	**76(38%)**
Female	40(63.49%)	48(60.76%)	36(62.07%)	**124(62%)**
Total	**63**	**79**	**58**	**200**

Source: computed Data

Table 3 reveals that out of 63 respondents who had low level of perception towards the loans and advances, 23(36.51%) were male and the remaining 40(63.49%) were female. Out of 79 respondents who had medium level of perception towards the loans and advances, 31(39.24%) were male and the remaining 48(60.76%) were female. Out of 58 respondents who had high level of perception towards the loans and advances, 22(37.93%) were male and the remaining 36(62.07%) were female.

In order to test the association between sex and their level of perception towards the loans and advances hypothesis was formulated as follows.

HO: There is no significant association between sex and their level of perception towards the loans and advances of Canara Bank.

One way ANOVA was applied to test the hypothesis. Table 4.16 shows the results of ANOVA.

Table 4

Results of ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.017	1	.017	.028	.867
Within Groups	120.858	198	.610		
Total	**120.875**	**199**			

Source: computed Data

Table 4 makes it clear that P value is greater than 0.05. Hence, it is concluded that the hypothesis formulated is accepted. There is no significant association between sex and their level of perception towards the loans and advances of Canara Bank. The preference of loans and advances schemes do not vary between male and female groups.

Age and their level of Perception towards the Loans and Advances

The perception of customers towards the loans and advances may differ on the basis of their age group. The researcher has analysed the age and their level of perception towards the loans and advances and is presented in the following table.

Table 5

Age and their level of Perception towards the Loans and Advances

Particulars	Low	Medium	High	Total
Below30 Years	36(57.14%)	38(48.10%)	36(62.07%)	110(55%)
30-40 Years	17(26.98%)	24(30.38%)	5(8.62%)	46(23%)
41-50 Years	9(14.29%)	12(15.19%)	16(27.59%)	37(18.5%)
Above 50 years	1(1.59%)	5(6.33%)	1(1.72%)	7(3.5%)
Total	**63**	**79**	**58**	**200**

Source: Computed Data

Table 5 reveals that out of 63 respondents who had low level of perception towards the loans and advances, 36(57.14%) were below 30 years age group, 17(26.98%) were 30-40 years age group, 9(14.29%) were 41-50 years age group and the remaining 1(1.59%) were above 50 years age group. Out of 79 respondents who had medium level of perception towards the loans and advances, 38(48.10%) were below 30 years age group, 24(30.38%) were 30-40 years age group, 12(15.19%) were 41-50 years age group and the remaining 5(6.33%) were above 50 years age group. Out of 58 respondents who had high level of perception towards the loans and

advances, 36(62.07%) were below 30 years age group, 5(8.62%) were 30-40 years age group, 16(27.59%) were 41-50 years age group and the remaining 1(1.72%) were above 50 years age group.

In order to test the association between age and their level of perception towards the loans and advances the hypothesis was formulated as follows.

HO: There is no significant association between age and their level of perception towards the loans and advances of Canara Bank.

One way ANOVA was applied to test the hypothesis. Table 6 shows the results of ANOVA.

Table 6

Results of ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.330	3	1.443	2.427	.067
Within Groups	116.545	196	.595		
Total	120.875	199			

Source: Computed Data

Table 6 makes it clear that P value is greater than 0.05. Hence, it is concluded that the hypothesis formulated is accepted. There is no significant association between age and their level of perception towards the loans and advances of Canara Bank. Age is not the criteria for designing different loans and advances.

Marital Status and their level of Perception towards the Loans and Advances

The perception of customers towards the loans and advances may differ on the basis of their marital status. The researcher has analysed the marital status and their level of perception towards the loans and advances and is presented in the following table.

Table 7

Marital Status and their level of perception towards the Loans and Advances

Particulars	Low	Medium	High	Total
Married	28(44.44%)	46(58.23%)	26(44.83%)	**100(50%)**
Un Married	34(53.97%)	32(40.51%)	30(51.72%)	**96(48%)**
Divorced	1(1.59)	1(1.26%)	2(3.45%)	**4(2%)**
Total	**63**	**79**	**58**	**200**

Source: Computed Data

Table 7 reveals that out of 63 respondents who had low level of perception towards the loans and advances, 28(44.44%) were married, 34(53.97%) were unmarried, 1(1.59%) were divorced. Out of 79 respondents who had medium level of perception towards the loans and advances, 46(58.23%) were married, 32(40.51%) were unmarried, 1(1.26%) were divorced. Out of 58 respondents who had high level of perception towards the loans and advances, 26(44.83%) were married, 30(51.72%) were unmarried, 2(3.45%) were divorced.

In order to test the association between marital status and their level of perception towards the loans and advances the hypothesis was formulated as follows.

HO: There is no significant association between marital status and their level of perception towards the loans and advances of Canara Bank.

One way ANOVA was applied to test the hypothesis. Table 4.20 shows the results of ANOVA.

Table 8

Results of ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.332	2	.166	.271	.763
Within Groups	120.543	197	.612		
Total	**120.875**	**199**			

Source: Computed Data

Table 8 makes it clear that P value is greater than 0.05. Hence, it is concluded that the hypothesis formulated is accepted. There is no significant association between marital status and their level of perception towards the loans and advances of Canara Bank. Marital status is not criteria for designing different loans and advances.

Educational Qualification and their level of Perception towards the Loans and Advances

The perception of the customers towards the loans and advances may differ on the basis of their educational qualification. The researcher has analysed the educational qualification and their level of perception towards the loans and advances and is presented in the following table.

Table 9

Educational Qualification and their level of Perception towards the Loans and Advances

Particulars	Low	Medium	High	Total
Illiterate	8(12.70%)	10(12.66%)	4(6.90%)	**22(11%)**
Up to high school	8(12.69%)	9(11.39%)	12(20.69%)	**29(14.5%)**
Diploma holders	7(11.11%)	15(18.99%)	8(13.79%)	**30(15%)**
Under graduates	30(47.62%)	36(45.57%)	28(48.28%)	**94(47%)**
Post graduates	5(7.94%)	5(6.33%)	6(10.34%)	**16(8%)**
Professionals	5(7.94%)	4(5.06%)	0(0%)	**9(4.5%)**
Total	**63**	**79**	**58**	**200**

Source: Computed Data

Table 9 reveals that out of 63 respondents who had low level of perception towards the loans and advances, eight(12.70 %) were illiterate, eight(12.69%) were up to high school, seven(11.11%) were diploma holders,30(47.62%) were under graduates, five(7.94%) were post graduates and the remaining five(7.94%) were professionals. Out of 79 respondents who had medium level of perception towards the loans and advances, 10(12.66%) were illiterate, nine (11.39%) were up to high school, 15(18.99%) were diploma holders, 36(45.57%) were under graduates, five(6.33%) were post graduates and the remaining four(5.06%) were professionals. Out of 58 respondents who had high level of perception towards the loans and advances, four (6.90%) were illiterate, 12(20.69%) were up to high school, eight (13.79%) were diploma holders, 28(48.28%) were under graduates, and the remaining six (10.34%) were post graduates.

In order to test the association between educational qualification and their level of perception towards the loans and advances the hypothesis was formulated as follows.

Ho: There is no significant association between educational qualification and their level perception towards the loans and advances of Canara Bank.

One way ANOVA was applied to test the hypothesis. Table shows the results of ANOVA.

Table 10

Results of ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.070	5	.814	1.352	.244
Within Groups	116.805	194	.602		
Total	120.875	199			

Source: Computed Data

Table 10 makes it clear that P value is greater than 0.05. Hence, it is concluded that the hypothesis formulated is accepted. There is no significant association between educational qualification and their level of Perception towards the loans and advances of canara bank. Educational qualification is not the criteria for designing different loans and advances.

Occupation and their level of Perception towards the Loans and Advances

The perception of the customers towards the loans and advances may differ on the basis of their occupation. The researcher has analysed the occupation and their level of perception towards the loans and advances and is presented in the following table.

Table 11

Occupation and their level of Perception towards the Loans and Advances

Particulars	Low	Medium	High	Total
Businessmen	9(14.29%)	12(15.19%)	5(8.62%)	**26(13%)**
Government Employees	7(11.11%)	10(12.66%)	10(17.24%)	**27(13.5%)**
Private Employees	41(65.08%)	51(64.56%)	41(70.69%)	**133(66.5%)**
Professionals	6(9.52%)	6(7.59%)	2(3.45%)	**14(7%)**
Total	63	79	58	200

Source: Computed Data

Table 11 reveals that out of 63 respondents who had low level of perception towards the loans and advances, nine (14.29%) were businessmen, seven (11.11%) were government employees, 41(65.08%) were private employees and the remaining six (9.52%) were professionals. Out of 79 respondents who had medium level of perception towards the loans and advances, 12(15.19%) were businessmen, 10(12.66%) were government employees, 51(64.56%) were private employees and

the remaining six (7.59%) were professionals. Out of 58 respondents who had high level of perception towards the loans and advances, five (8.62%) were businessmen, 10(17.24%) were government employees, 41(70.69%) were private employees and the remaining two (3.45%) were professionals.

In order to test the association between occupation and their level of perception towards the loans and advances the hypothesis was formulated as follows.

HO: There is no significant association between occupation and their level of perception towards the loans and advances of Canara Bank.

One way ANOVA was applied to test the hypothesis. Table shows the results of ANOVA.

Table 12

Results of ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.967	3	.656	1.081	.358
Within Groups	118.908	196	.607		
Total	**120.875**	**199**			

Source: Computed Data

Table 12 makes it clear that P value is greater than 0.05. Hence, it is concluded that the hypothesis formulated is accepted. There is no significant association between occupation and their level of perception towards the loans and advances of Canara Bank.

Monthly Income and their level of Perception towards the Loans and Advances

The perception of the customers towards the loans and advances may differ on the basis of their income. The researcher has analysed the monthly income and their level of perception towards the loans and advances and is presented in the following table.

Table 13

Monthly income and their level of perception towards the Loans and Advances

Particulars	Low	Medium	High	Total
Below 5000	14(22.22%)	15(18.99%)	15(25.86%)	**44(22%)**
5000 – 10000	38(60.32%)	53(67.09%)	22(37.93%)	**113(56.5%)**
10001 – 15000	8(12.70%)	10(12.66%)	14(24.14%)	**32(16%)**
15001 – 20000	1(1.59%)	1(1.27%)	3(5.17%)	**5(2.5%)**
Above 20000	2(3.17%)	-	4(6.90%)	**6(3%)**
Total	**63**	**79**	**58**	**200**

Source: Computed Data

Table 13 reveals that out of 63 respondents who had low level of perception towards the loans and advances, 14 (22.22 %) were below ₹ 5000, 38 (60.32%) were ₹ 5000-10000, eight (12.70%) were ₹ 10001-15000, one (1.59%) were Rs.15001-20000 and the remaining two (3.17%) were above 20000. Out of 79 respondents who had medium level of perception towards the loans and advances, 15 (18.99%) were below ₹ 5000, 53 (67.09%) were ₹ 5000-10000, 10 (12.66%) were ₹ 10001-15000,and the remaining one (1.27%) were Rs.15001-20000.Out of 58 respondents who had high level of perception towards the loans and advances, 15 (25.86%) were below ₹ 5000, 22 (37.93%) were ₹ 5000-10000, 14 (24.14%) were ₹ 10001-15000, three (5.17%) were ₹ 15001-20000 and the remaining four (6.90%) were above 20000.

In order to test the association between monthly income and their level of perception towards the loans and advances the hypothesis was formulated as follows.

HO: There is no significant association between monthly income and their level of perception towards the loans and advances of Canara Bank.

One way ANOVA was applied to test the hypothesis. Table 14 shows the results of ANOVA.

Table 14

Results of ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.755	4	1.189	1.996	.097
Within Groups	116.120	195	.595		
Total	120.875	199			

Source: Computed Data

Table 14 makes it clear that P value is greater than 0.05. Hence, it is concluded that the hypothesis formulated is accepted. There is no significant association between monthly income and their level of perception towards the loans and advances of Canara Bank. Monthly income is not the criteria for designing different loans and advances.

CONCLUSION

In recent years the evaluation of performance of commercial banks, particularly those in the public sector, has attracted considerable attention. Banks are expected to work towards several objectives which can sometimes appear to be inconsistent. They have to abide by monetary and credit policy regulations, achieve social and economic goals, and operate on commercial considerations. Their affairs are not conducted merely on economic or financial considerations. Hence, it is not easy to evolve a definite set of parameters to evaluate their overall performance. In this research work, the researcher analysed the perception of the customers towards service quality of Canara Bank with regard to the loans and advances. It reveals that the demographic profile of the respondents does not have significant influence on the service quality.

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