

**A STUDY ON SERVICE QUALITY OF BANKING SERVICES OF
LAKSHMI VILAS BANK AND ITS EFFECT ON VARIOUS LOAN PRODUCTS**

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ABSTRACT

The study deals with the customer opinion about banking services and to create the awareness on loan products offered by the bank. To study the services that is offered by the bank to the customers. The study has been done in a Trichy city comprising a sample size of 100. The survey was conducted through structured questionnaire from March 16 to April 16 at Trichy. Statistical Tools like percentage analysis, correlation, and regression were used for analysis. The data analysis shows that age, educational qualification, occupation is significant factor that decide the usage of banking services in the study area. To find out the customer's opinion regarding various products and services, in terms of factors like Tangibles, Reliability, Responsiveness, Assurance and Empathy. This study aims at getting feedback from customers which will be useful to the bank for improving their services.

KEYWORDS

Banks, Awareness, Occupation, Income level, Customer Opinion

INTRODUCTION

Today business organizations are more customers-focused than ever before since customer satisfaction is a competitive advantage which is sustainable over the long term. Now-a-days people are educated more than olden days. Making polite suggestions, delivering promises and taking extra effort such as building an efficient customer service team are the right practices to retain them for a long period. Banking in India was generally fairly mature in terms of supply, product range and reach-even though reach in rural India and to the poor still remains a challenge.

OBJECTIVES

- To know about the customer preferences.
- To know the quality of service providing in various loan products.

- To cater the immediate financial requirements and needs of general public.
- To find any improvement or changes in services offered by Lakshmi Vilas Bank.
- To provide different kind of customer services in the category of personal, corporate and NRI banking facilities in a successful manner for its esteemed customers.

STATEMENT OF THE PROBLEM

Customers are livelihood for any business and banking industry is highly service oriented business. In case of service business, it always deals with the perpetual decision taken by the customer. In the current study the researcher has attempted to figure out the reason for the unawareness about the changes happening in the lending rates on various loan products among the customers.

LIMITATIONS OF THE STUDY

- The study is limited to the expectations and perceptions of Lakshmi Vilas Bank, Thillainagar branch customers.
- The study is based on the secondary data and the limitation of using secondary data may affect the results.
- The perception of customers is limited to the time period of the study (March 2016-April 2016).
- As this study was conducted only in Lakshmi Vilas Bank, Thillainagar branch the findings cannot be generalized for overall Lakshmi Vilas bank.

RESEARCH METHODOLOGY

The study mainly gives an idea about the various loans that are being handled by the employees based on the needs and level of income earned by the customers and individuals. The study covers all the major loan products of the company and helps in getting a clear view about the product. After pilot testing the questionnaire was administered to 100 persons who have account in LVB. Here we take minimum age as 25 years. The data was obtained through the use of structured questionnaire and convenience sampling. The data were analysed with percentage method, frequencies, correlation and regression. Charts and tables are also prepared.

REVIEW OF LITERATURE

Dr. Donald J. Mullineaux, (2000) This dissertation focuses on the factors which influence the size and composition of syndicates formed for the purpose of selling commercial loans. The syndication market is large (over \$1 trillion annually in recent years) and has grown rapidly over the last decade. However, there is only a limited body of research on this important form of financing.

Lending Practices (2012) Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow.

Steven C. Miller, (2011) Role of Ratings the U.S. leveraged loan market is a rated market, with Standard & Poor's rating about 70% of all new leveraged loans. This is not surprising, considering that most investors in the U.S. leveraged loan market are nonbank institutional investors, rather than commercial banks.

Indian private banks (2012) In this paper we are trying to throw light on the effect of the loans and advances on the Indian Economy. In this paper we have focused on the movement of NPA, Loans, and Net Profit of the private banking industry by analyzing the data from the year 2007 to 2011.

Steven C. Miller, (2011) Covenant-Lite Loans, like second-lien loans, covenant-lite loans are a particular kind of syndicated loan facility. At the most basic level, covenant-lite loans are loans that have bond-like financial incurrence covenants rather than traditional maintenance covenants that are normally part and parcel of a loan agreement.

Kajal Chaudhary and Monika Sharma, (2011) The economic reforms in India started in early nineties, but their outcome is visible now. This paper an attempt to analyze how efficiently Public and Private sector banks have been managing NPA. We have used statistical tools for projection of trend.

Asad Ata Manish Shukla Mahender Singh (2013) This research work is built upon case studies from Malaysia and India, and surveys conducted on the supply and demand of SME finance in

Malaysia. In the absence of bank lending options many SMEs turn to other sources of finance such as unregistered money lenders that charge high interest rates.

Steven C. Miller, (2011), DIP Loans, Debtor-in-possession (DIP) loans are made to bankrupt entities. These loans constitute super priority claims in the bankruptcy distribution scheme, and thus sit ahead of all prepetition claims. Many DIPs are further secured by priming liens on the debtor's collateral.

York University Toronto, Ontario (2005) The relations between foreign lender participation and host countries' culture, legal and financial systems. We find that, in countries with high degrees of banking-commerce integration, domestic lenders tend to charge lower rents due to mutual equity relationships between the bank and the firm; foreign lenders tend to extract higher rents as a way of compensating for their greater risk exposure.

ICFAI Business School, Hyderabad, Loans against goods like opium, indigo, salt woollens, cotton, cotton piece goods, mule twist and silk goods were also granted but such finance by way of cash credits gained momentum only from the third decade of the nineteenth century. Lending against shares of the banks or on the mortgage of houses, land or other real property was, however, forbidden.

Commercial Banking, (2014) Commercial Banking implemented a simplified and delayed management structure in 2014. With over 120 products removed from sale and over 400 process improvements implemented, the segment is becoming easier to do business with. Tangible progress is being made via a bank-wide strategic lending programme which will transform the end-to-end customer lending experience, ensuring faster decisions and a smoother application process.

Steven C. Miller, (2011) A term loan is simply an instalment loan, such as a loan one would use to buy a car. The borrower may draw on the loan during a short commitment period and repays it based on either a scheduled series of repayments or a one-time lump-sum payment at maturity (bullet payment).

Social Enterprise Associates, (2003) Home improvement loans up to three years in term. This product enables asset accumulation for households, particularly poor women. This also increases opportunity for home-operated businesses. Collateral is adaptively used, allowing cases where land ownership is questioned and documentation minimal.

DATA ANALYSIS AND INTERPRETATION

For the purpose of understanding the satisfaction level of the customers based on the products offered by the Lakshmi Vilas Bank were collected under different headings including 5-point scale. The respondents were asked to fill up the questionnaire to understand the reliability that was applied to validate the data collected. The reliability test has been presented below.

Table 1 - Reliability Statistics

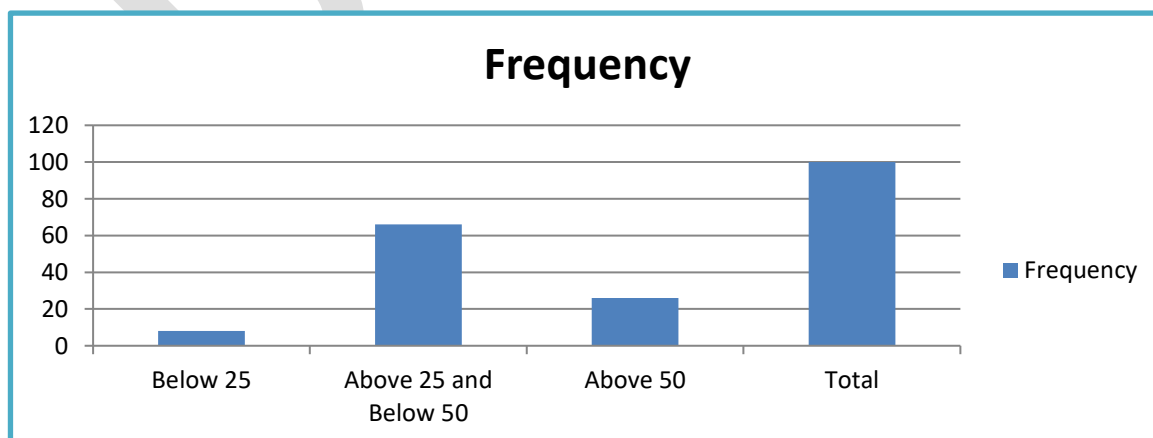
Cronbach's Alpha	N of Items
.845	24

The above table shows the reliability test for 24 items. The value of Cronbach's Alpha is 0.845 which suggests that the data collected is reliable for further analysis.

Table 2 - Based on Age of the Respondents

Age	Frequency	Percent
Below 25	8	8.0
Above 25 and Below 50	66	66.0
Above 50	26	26.0
Total	100	100.0

Chart 1

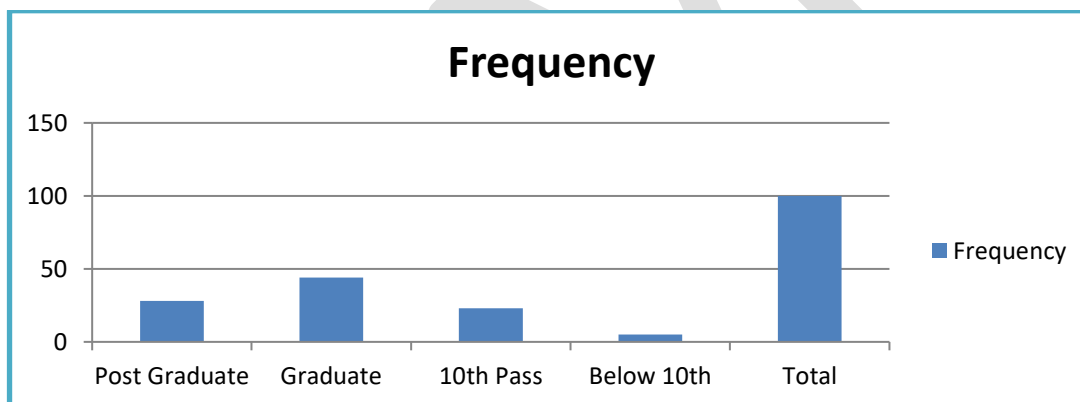


The above table shows that 66% of respondents belong to the age above 25 and below 50, 26 of the respondents belong to the age above 50 and the remaining 8% of the respondents belong to the age below 25.

Table 3 - Based on Educational Qualification

Educational Qualification	Frequency	Percent
Post Graduate	28	28.0
Graduate	44	44.0
10th Pass	23	23.0
Below 10 th	5	5.0
Total	100	100.0

Chart 2

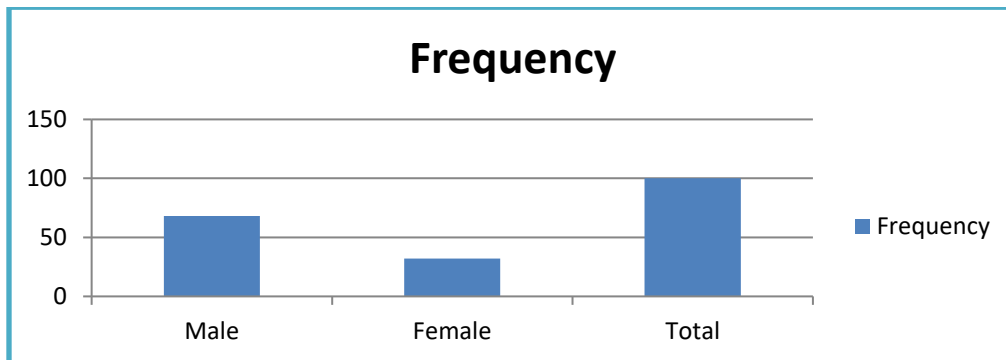


The above table shows that 44% of the respondents belong to graduate, 28% of the respondents belong to post graduate, 23% of the respondents belong to 10th and the remaining 5% of the respondents belong to below 10th.

Table 4 - Gender of the respondents

Gender	Frequency	Percent
Male	68	68.0
Female	32	32.0
Total	100	100.0

Chart 3

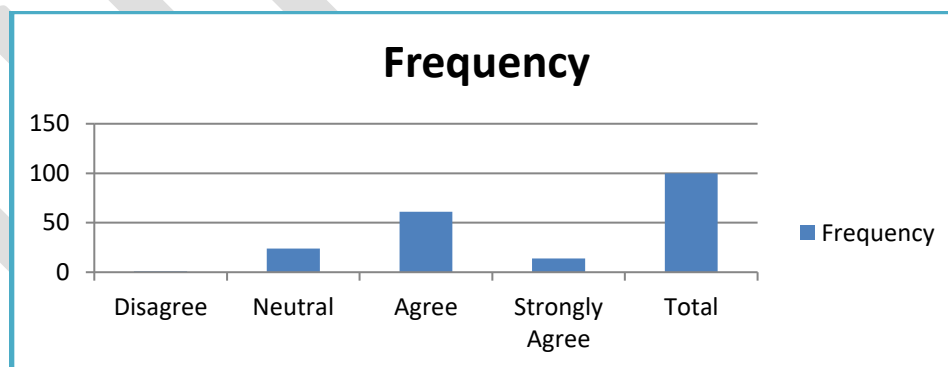


The above table shows that 68% of the respondents depend on the male category and 32% of the respondents depend on the female category.

Table 5 - Tangibles - Modern Looking Equipments

Scale	Frequency	Percent
Disagree	1	1.0
Neutral	24	24.0
Agree	61	61.0
Strongly Agree	14	14.0
Total	100	100.0

Chart 4



The above table shows that 61% of the respondents agree with the equipments, 24% of the respondents neutral, 1% of the respondents disagree with the equipments.

Table 6 – Responsiveness - Unstandardized Coefficients of Regression Model Independent factors and Responsiveness

	Unstandardized Coefficients		Sig.
	B	Std. Error	
(Constant)	2.153	.490	.000
Prompt Service to Customers	.172	.101	.092
Willing to help Customers	.106	.082	.199
Never too busy to respond to Customers	.179	.085	.039
R=0.370 R SQUARE=0.137			

a. Dependent Variable: Employees tell when Service will be Performed

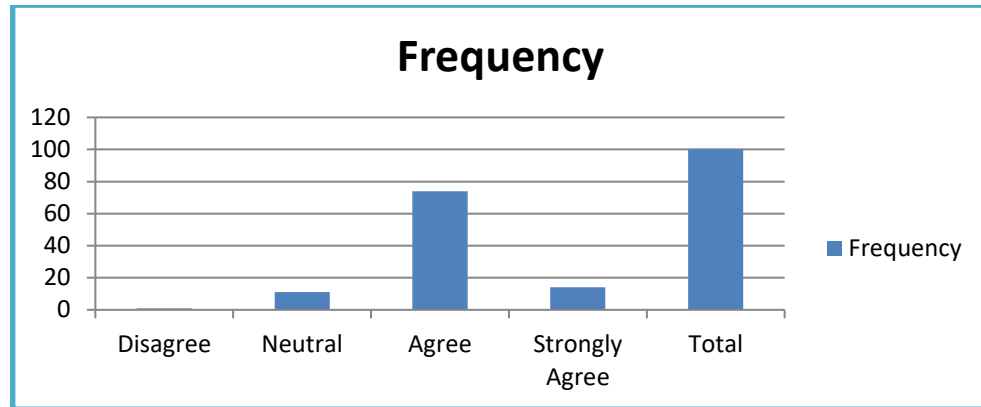
Hypothesis (H₀): There is no significant effect of independent factors on Responsiveness.

The above result of regression shows that the independent factors viz., Prompt Service to Customers, willing to help Customers, Never too busy to respond to Customers ($p < 0.05$) are statistically significant towards responsiveness. The R value represents the simple correlation and is 0.370, which indicated a high degree of correlation between the independent factors and Responsiveness. The R² value indicated that 13.7 % (0.137) of variance in dependent variable “*responsiveness*”, is explained by the independent factors.

Table 7 – Responsiveness - Prompt Service to Customers

Scale	Frequency	Percent
Disagree	1	1.0
Neutral	11	11.0
Agree	74	74.0
Strongly Agree	14	14.0
Total	100	100.0

Chart 6

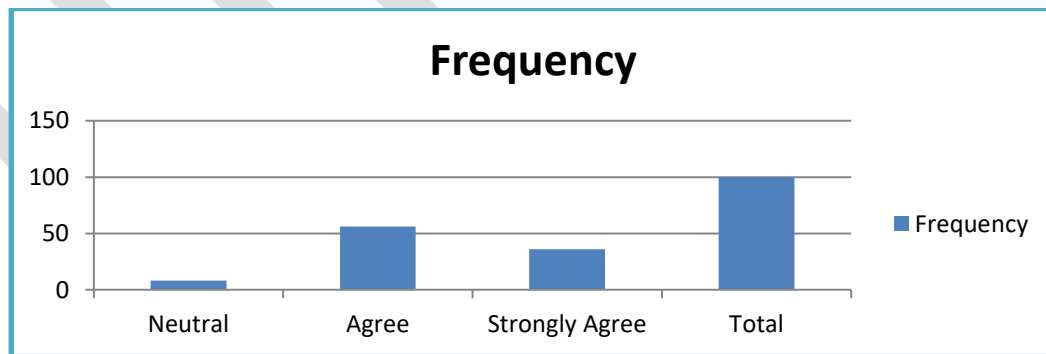


The above table shows that 74% of the respondents agree with the prompt service, 11% neutral and 1% of the respondents disagree with the service.

Table 8 – Assurance - Safe in Customers Transactions

Scale	Frequency	Percent
Neutral	8	8.0
Agree	56	56.0
Strongly Agree	36	36.0
Total	100	100.0

Chart 15



The above table shows that the transactions will be safe at agreed level of 56%, strongly agreed by 36% and neutral by 8% of the respondents.

FINDINGS OF THE STUDY

- The survey has the majority of 68% respondents are male and the remaining 32% are female.
- It is found that the majority of the respondents belong to the age group of Above 25 and Below 50 years having 66% of the survey.
- It is found that the majority of the respondents have the educational qualification of Graduate Level of around 44%.
- It is found that the majority of the respondents belong to the occupation of Business comes around 40%.
- It is found that nearly 61% of the respondents have been agreed with the satisfaction of Modern Looking Equipments
- It is found that nearly 62% of the respondents have been agreed with the facility of Visually Appealing Facilities.
- It is found that nearly 51% of the respondents have been agreed with the availability of Well – Equipped ATM centres.
- It is found that nearly 50% of the respondents have been agreed that there sufficient number of ATM centres available for the customers.
- It is found that nearly 60% of the respondents have been agreed with the services of Internet Banking.
- It is found that nearly 61% of the respondents have been agreed that the job will be done at the right time.
- It is found that nearly 61% of the respondents have been agreed that the employees are showing interest in solving the problems.
- It is found that nearly 40% of the respondents have been agreed that the bank maintains error free records.
- From the Frequency analysis it is found that 1% of the customers are not the bank working hours are not convenient for all the customers, it leads to the dissatisfaction level in the minds of the customer.

SUGGESTIONS

- From the findings to be focused more on Housing Loans based on the availability of the customers.
- From the findings the level of safety in the customers' transactions has to be focused more by safeguarding their personal information.
- From the findings the customer's transactions have to be maintained in a highly confidential way of satisfaction of records of customers.
- It is suggested that the equipments of the bank has to be displayed in a visually more comfortable to the customers.

CONCLUSION

The overall analysis made on the service quality and all those factors that was into consideration it is concluded that the business people are focusing more on getting loans for various purposes. Frequent changes happening in various loan products, also some attractive interest rates and other surprise offer that has to be programmed and developed more in the future by spreading awareness of the loan products.

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