

## A Study on Customer Awareness towards Banking Service with reference to Deposit and Loan in Mangaluru City

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**Abstract**— for an economic development of a country, bank plays an important role. The present era of globalization and liberalization has made the banking industry very competitive by providing various products and services to the customers. The investor and client need to think about each other. As the level of awareness increases, it leads to increase in customer preference. The present study compares and analyzes the customer awareness towards banking services

**Keywords**- Customer Awareness, Deposit, Loan.

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### I. INTRODUCTION

For crucial development of any country's banking system there should be good relationship between banker and its customer. There is need of mutual trust and confidence between customer and banks. As financial product and service is becoming more sophisticated, customer should take greater responsibility for their financial affairs.

**BANKING SERVICES:** Banking in India is defined under Section 5(A) of the Banking Regulation Act, 1949 as "any company which transacts banking business" and the purpose of

Banking business defined under Section 5(B), "accepting deposits of money from public for the purpose of lending or investing, repayable on demand through cheque/draft or otherwise". In the process of doing the above mentioned primary functions, they are also permitted to do other types of business referred to as Utility Services for their customers (Banking Regulation Act, 1949).

### II. LITERATURE REVIEW:

- a. Jason West (2012), in this study on "Financial literacy education and behaviour unhinged: combating bias and poor product design" have examined the absence of a clear link between financial literacy education and financial decisions and behaviours. Author has opinion that financial literacy education programs are generally assumed to improve consumer behaviour in relation to financial products and services. However, there is scant evidence that demonstrates the causal link between education, literacy and behaviour. His findings show that the actions of individuals who are financially literate do not necessarily mean they will demonstrate good

financial behaviour. He proposes that in order to improve the financial behaviour of consumers, two critical areas need to be addressed. The aims and objectives of FLE programs should be not only to educate consumers about financial markets and products but to highlight to individuals the personal biases and limitations that they, as humans, cannot easily avoid. The second area looks to greater regulation of financial products aimed at retail consumers as well as product disclosure redesign aligned with a knowledge-based decision level in the context of interface design. These approaches have the potential to substantially protect retail consumers from purchasing confusing, ambiguous and inappropriate financial products.

- b. Manikyam (Feb 2004) in this paper author explains the changing banking scenario, the impact of economic reforms and analyses the challenges and opportunities of national and commercial banks. The biggest challenge is to serve the mass and huge market of India. Banks have become customer centric than product centric. Another aspect in banking is to encounter the challenges in product differentiation. He further states that apart from traditional banking services, Indian banks must adopt some product innovation so that they can compete in gamut of competition. Technology up gradation is an inevitable aspect to face challenges. The level of consumer awareness is significantly higher
- c. Chawla & Sehgal, (February 2012), Authors assesses the satisfaction level of the respondents on the basis of their demographic profile across the public and private sector banks. For the purpose of analyses, the data was collected from 120 respondents belonging to State Bank

of India (SBI), Punjab National Bank (PNB) and Canara Bank among the public sector banks, and Industrial Credit and Investment Corporation of India (ICICI) Bank, Housing Development Finance Corporation (HDFC) Bank and Axis Bank among the private sector banks in the state of Punjab. The study reveals that age has a statistically significant effect on the choice of a particular bank. Income also has a significant influence on the number of banks used. As regards gender and customers' preference of bank, it was found that there is a significant influence of gender on the preference of bank. An analysis also demonstrates that statistically there is no significant relation between age and number of banks used, gender and number of banks used and income and customers preference of banks.

### III. OBJECTIVES OF THE STUDY

Study has been conducted with following objective:

- A) To analyse level of awareness of customers towards loan and deposit in banks
- B) To compare level of awareness of customers in private and public banks
- C) To analyse factors that affect level of awareness of customer towards loan and deposit in banks

### IV. RESEARCH METHODOLOGY

The present study has been conducted on the basis of secondary and primary data. Primary data was collected by means of questionnaire and was analyzed carefully by using statistical technique like Chi-square, ANOVA.

### V. DATA ANALYSES

- a) HYPOTHESIS 1: CUSTOMER LEVEL OF SATISFACTION WITH REFERENCE TO RULE AND REGULATION TOWARDS DEPOSITS VARY WITH GENDER AGE AND EDUCATION.

RESULT OF ANOVA TABLE 1

Independent variable	Chi-square	P value	Significance at 5%	Acceptance of hypothesis
Gender	1.6573	.798464	Not significant	H0 is accepted
education	6.2584	.7138	Not significant	H0 is accepted
Age	14.02	.0028	significant	H1 is accepted

From the above table it is clear that Customer Level of satisfaction with reference to rule and regulation towards deposits does not vary with gender, education but varies with age of respondents.

- b) Hypothesis 2: that Customer Level of satisfaction with reference to rule and regulation towards loan vary with education but varies with gender and age of respondents.

Result of ANOVA table 2

Independent variable	Chi-square	P value	Significance at 5%	Acceptance of hypothesis
Gender	13.03	.0046	Significant	H1 is accepted
Education	8.505	.4840	Not significant	H0 is accepted
Age	1.57	.0090	Significant	H1 is accepted

From the above table it is clear that Customer Level of satisfaction with reference to rule and regulation towards loan does not vary with education but varies with gender and age of respondents.

- c) Hypotheses 3: customer awareness about consumer rights is more in public bank

Table 3

	Sum of square	Df	Mean square	F	Sig.
Between the group	289	1	289	1.427	.666
Within the group	405	2	202.500		
Total	694	3			

From the above table it is clear that H0 is accepted and customer awareness about consumer rights is same in private and public sector bank.,

d) Hypotheses 4

Table 4

1.Knowledge about rule of charging interest on deposit		Sum of square	df	Mean square	F	Sig.
2.Knowledge about changing interest rate on deposit	Between the group	3959.6	4	989	6.9045	.0006
3.Knowledge about minimum balance to be maintained	Within the group	3584.3	25	143.37		
4.Knowledge about charges on atm /mobile banking/sms/locker service	total	7544	29			
5.knowledge about interest on deposit credited every six month						
6.Awareness about penalty charged for not maintaining minimum balance						

In above it is failed to reject null hypothesis and conclude that customer have knowledge regarding deposits

e) Hypotheses 5

Table 5

1.Awareness about terms and condition relating to loan		Sum of square	df	Mean square	F	Sig.
2.Awareness about floating rate or fixed rate of interest charged on loan	Between the group	2925.7	4	731.4	22.66	0.00000
3.Awareness about changing interest rate on loan	Within the group	451.7	14	32.26		
4.Awareness about charging penalty for premature close of loan	Total	3377.5	18			

In above it is failed to reject null hypothesis and conclude that customer have knowledge regarding loans in their bank

VI. CONCLUSION:

Banking sector is compelled to improve as there is completion not only within the countries but also from foreign banks. In India transparent pricing is absent, customer protection and awareness is inadequate. Only if customers have access to information which is reliable and objective, customer will have more confidence to purchase financial product and service.

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