A COMPARATIVE STUDY OF LOANS OBTAINED BY INDIVIDUAL FROM NATIONALISED AND PRIVATE BANK

PROJECT REPORT

Submitted by

EVAGREEN AJITH (Reg No. AB21COM011)

FIFI ANN JOSHY (Reg No. AB21COM012)

HERIN RIA ANTONY (Reg No. AB21COM013)

Under The Guidance of

Ms. ELIZABETH RINI K F

In partial fulfillment of requirements for award of the degree of

BACHELOR OF COMMERCE

ST. TERESA'S COLLEGE (AUTONOMOUS),

ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited at 'A++' Level

(Fourth Cycle)

Affiliated to

MAHATMA GANDHI UNIVERSITY

KOTTAYAM-686560

March 2024

DEPT. OF COMMERCE ERNAKULAM ST. TERESA'S COLLEGE

ST. TERESA'S COLLEGE (AUTONOMOUS)

ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Nationally Re-Accredited at 'A++' Level

(Fourth Cycle)

CERTIFICATE

This is to certify that the project report titled '**A COMPARATIVE STUDY OF LOANS OBTAINED BY INDIVIDUALS FROM NATIONALISED AND PRIVATE BANK'** submitted by **EVAGREEN AJITH, FIFI ANN JOSHY, HERIN RIA ANTONY** towards the partial fulfillment of the requirements for the award of degree of Bachelor of Commerce is a record of bonafide work carried out by them during the academic year 2023-24.

Supervising Guide
Ms. ELIZABETH RINI K F
Assistant Professor
Department of Commerce

Head of the Department
Ms. ELIZABETH RINI KF
Assistant Professor
Department of Commerce

Place: Ernakulam

Date: 25.04.2024

DECLARATION

We, **FIFI ANN JOSHY, EVAGREEN AJITH, HERIN RIA ANTONY**, do hereby declare that this dissertation entitled **'COMPARATIVE STUDY OF LOANS OBTAINED BY INDIVIDUALS FROM NATIONALISED AND PRIVATE BANK'** has been prepared by us under the guidance of **Ms. ELIZABETH RINI K F**, Assistant Professor, Department of Commerce, St Teresa's College, Ernakulam.

We also declare that this dissertation has not been submitted by us fully or partly for the award of any Degree, Diploma, Title or Recognition before.

Place: Ernakulam

EVAGREEN AJITH

Date: 25.04.2024

FIFI ANN JOSHY

HERIN RIA ANTONY

ACKNOWLEDGEMENT

We wish to acknowledge all those persons who helped us in completing our project, on the topic '**COMPARATIVE STUDY OF LOANS OBTAINED BY INDIVIDUALS FROM NATIONALISED AND PRIVATE BANK'.**

First of all, we thank God Almighty for his blessings showered upon us on the conduct of the project study. We are also indebted to **MS. ELIZABETH RINI K F**, Assistant Professor, Department of Commerce, St. Teresa's College Ernakulam for her guidance and encouragement for the proper completion of the study.

We express our sincere thanks to the Provincial Superior and Manager **Rev. Sr. Dr. Vinitha**, Director **Rev. Sr. Emeline CSST**, Principal **Dr. Alphonsa Vijaya Joseph** and to **Ms. Elizabeth Rini K F**, Head of commerce department and all other faculties of the department of commerce, St. Teresa's College, for their support and valuable suggestions.

We would like to express thanks to all our respondents and colleagues who were associated with this study for their sincere contributions towards the successful completion of the project.

We also extend heartfelt thanks to our family for their constant encouragement without which this project would not be possible.

EVAGREEN AJITH

FIFI ANN JOSHY

HERIN RIA ANTONY

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER – 1

INTRODUCTION

1.1 INTRODUCTION

In today's dynamic financial landscape, individuals have access to a diverse range of loan products offered by both nationalized and private banks in India. These loans play a crucial role in financing various personal and professional needs, enabling individuals to pursue higher education, purchase property, manage unexpected expenses, or invest in business ventures. However, navigating the intricate world of loan options can be challenging, as each sector – nationalized and private – presents distinct characteristics in terms of their products, terms, and overall approach.

Analysing the loan preferences of customers in public and private banks involves comparing various factors such as interest rates, loan terms, customer service, availability of products, and brand reputation. Public banks often offer loans at lower interest rates due to government backing, but private banks may provide more personalized services and faster processing times. Ultimately, customers' preferences depend on their individual needs, risk tolerance, and financial goals. Conducting surveys and analysing market data would provide more insights into specific preferences and trends.

The banking sector plays a significant role in the development of the economy, as it mobilizes deposits and provides credit to various sectors across business including individuals. The purpose of this study is to understand the customer preference of selecting banking services among public and private sector banks. This study is based on primary data obtained from customers of Public and Private sectors banks in Ernakulam district. The study reveals that public sector banks have a greater number of branches and private sector banks have good and innovative products and customer friendly environment at branches. Both the sector banks have similarity in various services provided to the customers but as per the study public sector banks have attracted more customers than private sector banks in the study area, since their main focus is inclusive development of the society.

This study aims to undertake a comparative analysis of loans offered by nationalized and private banks in India. By examining key aspects like interest rates, loan types, eligibility criteria, processing times, and customer service, the study seeks to identify the unique features and potential advantages of each sector. This comparative analysis will provide valuable insights for individuals seeking loans, enabling them to make informed decisions based on their specific requirements and financial circumstances.

Furthermore, the study will explore the influence of government policies and regional variations on loan offerings in both sectors. By delving into these aspects, the study aims to contribute to a comprehensive understanding of the loan landscape in India and empower individuals to make sound financial choices.

1.2 SIGNIFICANCE

Understanding the differences between loans offered by private and nationalized banks holds significant importance for both borrowers and policymakers. For borrowers, this knowledge enables them to make informed decisions regarding their borrowing needs, ensuring they choose the most suitable loan products with favourable terms and conditions. By comparing interest rates, loan approval processes, and customer service standards, individuals can identify the bank that best aligns with their preferences and financial goals. Moreover, this comparative study sheds light on the broader implications for the banking industry and the economy as a whole. By analysing the lending practices of private and nationalized banks, policymakers can assess the effectiveness of regulatory frameworks and interventions aimed at promoting financial inclusion, consumer protection, and market competition. Understanding how these banks serve the borrowing needs of individuals provides valuable insights into the accessibility, affordability, and sustainability of credit markets, ultimately contributing to the development of robust and resilient financial systems. In summary, investigating loans provided by private and nationalized banks offers practical benefits for borrowers in making informed financial decisions and informs policymakers in shaping policies that foster a healthy and inclusive banking sector. By examining this comparative study, stakeholders can better understand the dynamics of the lending landscape and work towards enhancing the overall efficiency and effectiveness of banking services.

1.3 STATEMENT OF PROBLEM

While both nationalized and private banks play a crucial role in providing financial services, there remains a lack of comprehensive understanding regarding the differences in the loan offerings, approval process, customer experiences and regulatory framework between these two types of financial institutions. This study seeks to address this gap by examining and comparing various aspects of loan obtained by individuals from nationalized and private bank, with the overarching aim of identifying disparities, challenges and potential area for improvement I lending practices, thereby contributing to a more informed decision-making process for borrowers and policy makers alike.

1.4 OBJECTIVES

- To analyse the customer satisfaction level.
- To study the requirement of collateral and eligibility criteria on loan.
- To study the disparities in loan offerings or services based on demographic factors such as income level, location, occupation etc
- To assess the overall financial health and stability of borrowers who obtains the loan.
- To analyse the effectiveness of govt policy in loan practices and whether the lending practices are fair.
- To study about the risk management employed by nationalised and private banks

1.5 SCOPE OF STUDY

The conceptual scope: It aims to provide a comparative study between the nationalized banks and private banks about their loan criteria and individuals perception.

The geographical growth: The study will be conducted among the people in Ernakulam district, Kerala.

1.6 RESEARCH METHODOLOGY

1.6.1 RESEARCH DESIGN

The present study includes both descriptive and analytical study. It is descriptive in the sense that it tries to identify the various characteristics of research problem under study and the present situation of the issue. It is analytical in the sense that it analyses and interprets data in order to arrive at conclusions.

1.6.2 COLLECTION OF DATA

To study the objectives both primary data and secondary data have been used.

Primary Data – Primary data is collected with the responds of helpfully chosen 100 individuals through questionnaire which were solely arranged for the study. This survey contains question related to the comparative study between loan from nationalised and private bank along with the question that are significant for the study

Secondary data – Secondary data was collected from published journal papers, website, articles and book.

1.6.3 SAMPLING DESIGN

- Sampling technique: Convenient sampling technique is used for collecting data.
- Area of study: Ernakulam

- Sample size: 100

1.6.4 TOOLS OF ANALYSIS

Collected data were analyzed with the help of statistical tools such as percentage analysis. Ranking method was used on the basis of 5-point scale to compare loan application process in and to compare the customer service of both the sector. 10-point scale was to use to analyze the customer satisfaction level in nationalized

and private bank. The collected data were presented in the form of pie diagram and bar diagram.

1.7 LIMITATIONS

1. **Data availability**: data consistency and comparability were not adequate, and also was not comparable due to variation in how they were collected and categorized. This made it difficult to draw definite conclusions.
2. **Sample bias**: Faced bias in sample population as certain demographic group was likely to borrow from nationalized bank
3. **Time constraint**: Conducting comparative study took time and we faced constraints in terms of gathering data and in analysis.
4. **Confidentiality Concerns**: People may not disclose the confidential details which act as a constraint in obtaining information
5. **Variability in loan offerings:** Nationalized and private bank offers and wide range loan of products with varying terms and conditions and features which made it difficult to compare them directly.

1.8 KEY WORDS

- **Loans:** It is a financial arrangement which a lender provides fund to a borrower who agree to repay the borrowed amount typically with interest over a specified period of time.
- **Nationalized Bank:** Banks owned and operated by government, often with focus on serving broader public interest.
- **Private Bank:** Financial institutions owned by private individuals or corporation typically driven by profit motives.

- **Interest Rate:** Rates charged by banks on loans influencing the cost of borrowing for borrowers.
- **Collateral Requirement:** The conditions set by lenders for borrowers to provide asset of value as security against loans, which can be seized in the event of disclosed
- **Regulatory Framework:** Legal mechanisms that exists on national international levels

- **Personal Loan:** An unsecured credit provided by financial institutions based on criteria like employment history, repayment capacity, income level, credit history
- **Mortgage Loan:** Financial arrangement where borrower receives fund from a lender to purchase a property, with the property itself serving as collateral.
- **Home Loan:** Secured loan that is obtained to purchase a property by offering it as collateral
- **Education Loan:** Provided by lenders to assist the students in funding their educational expenses including tuition fee, books etc. with the understanding that the borrowed amount will be repaid after the completion of study
- **Credit card:** A physical payment card that allows you to get credit from financial institution.

1.9 CHAPTERISATION

- **CHAPTER 1 – INTRODUCTION**: This is an introduction chapter which includes introduction, significance, problem statement, objectives, methodology, scope, limitation, key words and characterization.
- **CHAPTER 2 – REVIEW OF LITERATURE**: This chapter deals with the analyzation of various published works on respect to the loan preference of individuals from nationalized and private bank.
- **CHAPTER 3 – THEORETICAL FRAMEWORK**: This chapter includes the theoretical works relating to the objective, significance, description about

nationalized and private, features, advantages and disadvantages of both the sector and also comparison of interest rate for various loan provided by both the sector.

- **CHAPTER 4 - DATA ANALYSIS AND INTERPRETATION**: This chapter is an analysis of the primary and secondary data collected based on variable related to the study. It includes tables, graphical representations, their analysis and interpretations.
- **CHAPTER 5 – SUMMARY, FINDINGS, RECOMMENDATIONS, AND CONCLUSION**: It deals with a brief summary of what the researcher has found out from the study and the final conclusion and recommendation.

CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

One essential component of contemporary banking systems is the lending activity of financial institutions, especially private and nationalized banks. A great deal of academic research has been done to comprehend the dynamics, procedures, and consequences of the loans that these banks supply. The goal of this review of the literature is to compile and evaluate the research, theories, and empirical data that have already been done on loan services offered by both private and nationalized banks. This review attempts to provide an overview of the variety of factors influencing loan provision techniques by exploring regulatory viewpoints, customer perceptions, theoretical frameworks, and comparative analyses between public and private banking sectors. We hope that this investigation will yield insightful information that will help with policy development, strategic decision-making, and better lending practices in the banking sector.

2.2 LITERATURE REVIEW

- **Geiger's (1975)** carried out study to establish the needs of customers. Social status of the bank's customers and the perception that the customers had of banks were studied along with customers judgment of the range of services that the banks had to offer, the effectiveness of various advertising and other sales promoting measures, and the customers' will to save and other habit.

- **Lewis and Booms (1983),** service quality is _a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customers 'expectations on a consistent basis '. The most common explanation of the difference between service quality and customer satisfaction is highlighted by Bateson (1992).

- **Cronin and Taylor (1992),** suggested that service quality is antecedent of customer satisfaction and that customer purchase intentions are related more closely to levels of satisfaction than to perceptions of service quality.

- **Hallowell Roger (1996)** studied customer satisfaction in banks in providing products and services and found banks should target and serve only those customers whose needs it can meet better than its competitors in a profitable manner. By adopting this strategy customers will be retained for longer periods, consume multiple products; recommend the bank to their friends.

- **K. Tiwary (2000),** In the banking sector it is necessary to increased adoption of technology to better meet customer requirements, improve efficiencies, reduce costs and ensure customer delight and it was the private sector and foreign banks which established the technological revolution in Indian banking and considering the fact that in the new economy, mind share leads to market share and mind share is influenced not only by the promotions and advertisements but more importantly on favourable customer perception which in turn is based on satisfaction with regard to products, services and interaction.

- **Vijay M. Kumbhar (2001),** The private sector banks are providing more satisfied services then public sector banks and the customer perception about Productivity, Security and Sensitivity, Cost Efficiency, Problem Handling, Compensation and Contact services related to service is very less in both the public sector and privates sector banks, therefore both kinds of banks should be aware about these facets of service to improve customers‟ satisfaction.

- **Campbell (2007)** focused on the relationship between nonperforming loans (NPLs) and bank failure and argued for an effective bank insolvency law for the prevention and control of NPLs for developing and transitional economies as these have been suffering severe problems due to NPLs.

- **Kumar and Rajesh (2009)** covered that working performance of the bank must be improved and derived that the factors which brings satisfaction to customer are modernization and technological advancement.

- **Trivedi and Agrawal (2009)** have focused on five major dimension to measure customer satisfaction towards bank, viz., tangibility, assurance, responsiveness, empathy, and reliability.

- **Dutta et al, (2009)** conducted a study to investigate perception of expectations of customers across all the banks in India. It was found that foreign banks were the most preferred banks followed by private banks and public banks.

- **Selvaraj (2011)** measured and analysed the awareness level of the customers towards services provided by the Banks of India. He found that 70% of the sample respondents had low level of awareness towards the services provided by the bank. It may be due to the fact that the study area was mostly covered by rural areas. The bank has to initiate necessary measures to increase the awareness level through conducting awareness programs in the rural areas and the bank has to concentrate more on promotional activities.

- **Sarkar (2011)** proved this statement ―If there is any secret of success, it lies in the ability to get the other person 's point of view, and seeing things from his angle‖ - Henry Ford by comparison studies between two private sector banks services.

- **Sumedha Kalia and Urvashi Kalra (2012)** investigated various factors influencing customer 's perception and satisfaction level towards E-Banking. They found that, lack of knowledge, inadequate legislations and security concerns are the major reasons for not using E-Banking. They suggested that, banks should provide ―demo‖ on their website for new users to know about online banking services and facilities of experts to increase awareness in the minds of customers to use e banking safely.

- **Ravi and Kundan Basavaraj (2013)** analysed the customer preference and satisfaction towards banking services both private and public banks in Delhi district. The authors found business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50%. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. They authors suggested that, bankers should work towards 100% customer satisfaction that automatically fosters customer delight and to sustain customers on a long-term basis

.

CHAPTER 3
THEORETICAL FRAMEWORK

THEORETICAL FRAMEWORK

3.1 INTRODUCTION

When we delve into comparing the loan preferences of customers between public and private banks, we can draw upon various theoretical frameworks to understand the underlying factors that influence customer behaviour and decision-making processes. These frameworks provide valuable insights into the factors within the banking industry.

Initially, let's consider Agency Theory, which sheds light on the intricate relationship between borrowers and lenders. According to this theory, borrowers, often referred to as principals, seek to maximize their utility by obtaining loans with favourable terms. On the other hand, lenders, acting as agents, aim to maximize profits while effectively managing credit risk. In private banks, profit motives often drive the focus towards offering high-margin loan products and implementing risk-based pricing strategies. Conversely, in public banks, lending decisions may be influenced by social or political objectives, potentially shaping the types of loan products available and their associated terms. In case of Asymmetry Theory, we explore the notion that borrowers and lenders may have unequal access to information regarding loan terms, conditions, and risks. This information disparity can lead to market inefficiencies and suboptimal outcomes. In the context of private banks, borrowers may have access to a wide array of loan products and pricing options, but navigating through complex information and disclosure requirements can pose challenges in making well-informed decisions. In contrast, public banks may benefit from government ownership or support, which can ease concerns regarding information asymmetry to some extent. Nevertheless, borrowers in public banks may still encounter difficulties in comprehending loan terms and comparing available options.

Furthermore, Institutional Theory offers insights into how organizational norms, values, and practices influence behaviour and decision-making within banks. In the competitive landscape of private banks, market-driven institutional pressures often drive innovation in loan product offerings, customer service standards, and risk management practices to maintain competitiveness and cater to

customer preferences. Conversely, public banks may be subject to regulatory, political, and social influences that shape their loan product offerings, pricing policies, and distribution channels, reflecting broader institutional norms and stakeholder expectations. Finally Behavioural Economics provides a lens through which we can integrate psychological insights into economic decision-making processes. This discipline highlights various biases, heuristics, and cognitive factors that influence individuals' choices. When it comes to loan preferences, behavioural economics theories such as loss aversion, mental accounting, and social norms play significant roles in shaping customer attitudes towards risk, interest rates, and loan terms. Differences in risk perception, time preferences, and social influences may contribute to variations in loan preferences observed between customers of public and private banks. By applying these theoretical frameworks, researchers gain deeper insights into the complex interplay of factors driving differences in loan preferences between public and private banks. This understanding is crucial for informing strategic decision-making, guiding product development initiatives, and shaping regulatory interventions aimed at enhancing the effectiveness and fairness of loan markets across both banking sectors.

3.2 OBJECTIVES

3.2.1 Government Policy

Examining the effectiveness of government policies in regulating loan practices involves a comprehensive assessment of their ability to uphold essential pillars such as financial stability, consumer protection, and equitable access to credit. Within this context, fairness in lending practices between private and public banks emerges as a critical consideration, necessitating a thorough exploration of various dimensions. Firstly, the regulatory framework established by government policies forms the backbone within which banks operate and conduct their lending activities. Effective policies ensure that banks adhere to severe standards aimed at fostering responsible lending practices, safeguarding consumer interests, and fortifying the overall stability of the financial system. Such regulations serve as vital safeguard, guiding

banks towards prudent lending behaviour and mitigating systemic risks. Additionally, government initiatives aimed at promoting financial inclusion play a pivotal role in shaping lending practices. These initiatives encompass a wide array of measures designed to enhance access to credit for historically underserved populations, reinforce support for small businesses, and address socioeconomic disparities. By expanding the availability of credit to marginalized groups and fostering an environment conducive to entrepreneurial undertake, these policies seek to engender a more inclusive financial landscape wherein all segments of society can partake in economic opportunities on equitable terms. Furthermore, government-mandated risk management requirements impose crucial obligations on banks to mitigate credit risk, uphold sound lending standards, and fortify the resilience of the financial sector. These requirements encompass a spectrum of measures ranging from capital adequacy standards and loan loss provisioning to stress testing protocols aimed at assessing banks' ability to weather adverse economic conditions. By instilling vigorous risk management practices, government policies seek to strengthen the stability and resilience of the banking system, thereby safeguarding depositor funds and preserving overall financial well-being. Moreover, interest rate regulation represents another facet of government intervention aimed at ensuring fairness in lending practices. By imposing limits on the rates at which banks can extend credit, policymakers’ endeavour to shield consumers from exploitative lending practices and exorbitant interest charges. Striking a delicate balance between fostering affordable access to credit and preserving the profitability and stability of the financial sector, effective interest rate regulation serves as a cornerstone in promoting fair and transparent lending practices. Transitioning to the realm of comparative analysis between private and public banks, the notion of fairness in lending practices takes on added significance. Access to credit emerges as a pivotal determinant, with the fairness of lending practices contingent upon the extent to which borrowers from diverse socioeconomic backgrounds are afforded equitable opportunities to access financing. While private banks may gravitate towards serving high-net-worth clients and offering tailored services, public banks are often tasked with a broader mandate aimed at serving the needs of a

more diverse clientele, including marginalized and underserved populations. Consequently, public banks may adopt more inclusive lending practices, thereby fostering financial inclusion and societal equity.

Moreover, transparency and accountability represent foundational pillars underpinning fair lending practices. Regardless of ownership structure, both private and public banks are enjoined to uphold clear and consistent lending criteria, disclose pertinent information to borrowers, and ensure that lending decisions are predicated on objective merit and risk assessment rather than discriminatory factors. By fostering a climate of transparency and accountability, banks can engender trust and confidence among borrowers, thereby enhancing the overall integrity and fairness of lending practices. Affordability of loans emerges as another crucial dimension in assessing the fairness of lending practices. Government policies may exert a considerable influence in this regard by regulating interest rates and fees or providing subsidies and incentives for certain types of lending activities. Public banks, in particular, may be predisposed towards offering more affordable loan products tailored to the needs of low-income borrowers, whereas private banks may adopt a more profit-centric approach in their lending practices. Striking a balance between ensuring the affordability of credit and safeguarding the profitability and stability of the banking sector represents a perennial challenge for policymakers and regulators alike. Lastly, the concept of responsible lending practices underscores the imperative for banks to engage in prudent credit assessment, risk management, and ethical conduct. Irrespective of ownership structure, both private and public banks bear a fiduciary responsibility to eschew predatory lending practices, discriminatory behaviour, and exploitation of vulnerable borrowers. By adhering to rigorous standards of responsible lending, banks can uphold the principles of fairness and integrity, thereby fostering trust and confidence among stakeholders and fortifying the overall resilience of the financial system. Evaluating the effectiveness of government policies in regulating loan practices necessitates a nuanced understanding of the multifaceted dimensions underpinning fairness in lending practices. By promoting financial stability, consumer protection, and equitable

access to credit, government policies serve as linchpins in fostering a robust and inclusive financial ecosystem. Fairness in lending practices between private and public banks hinges on adherence to regulatory standards, transparency, affordability, and responsible lending behaviour. Government oversight, regulatory enforcement, and public-private collaboration represent indispensable mechanisms for ensuring the integrity and inclusivity of lending practices, thereby contributing to the cultivation of a more equitable and resilient financial system.

3.2.2 Risk Management

Studying risk management practices employed by nationalized and private banks involves analysing various aspects of how these institutions identify, assess, mitigate, and monitor risks. Nationalized banks often face unique risks associated with their size, scale, and diverse customer base. Risk identification processes in nationalized banks may involve analysing credit risk, market risk, operational risk, and compliance risk across various business lines and operations. Private banks may focus on different risk factors based on their business models and target markets. They may prioritize client-specific risks, such as concentration risk, liquidity risk, and reputational risk, given their emphasis on wealth management and personalized services. Nationalized banks typically employ quantitative and qualitative methods to assess risks, including statistical models, stress testing, scenario analysis, and expert judgment. They may also consider macroeconomic indicators, regulatory requirements, and industry trends to evaluate the potential impact of risks on their balance sheets and profitability. Private banks may adopt more sophisticated risk assessment techniques tailored to their client base and investment strategies. They may use proprietary models, risk scoring methodologies, and portfolio optimization techniques to assess credit risk, market risk, and asset-liability management risks associated with their wealth management services.

Nationalized banks implement various risk mitigation strategies to address identified risks effectively. These strategies may include diversification of loan portfolios, collateralization of assets, establishment of risk reserves, and

implementation of internal controls and governance mechanisms to manage operational risks. Private banks often focus on providing customized risk management solutions to high-net-worth clients. They may offer wealth preservation strategies, hedging products, and alternative investments to mitigate portfolio volatility, liquidity risk, and downside exposure. Nationalized banks maintain robust risk monitoring and reporting frameworks to track key risk indicators, assess risk trends, and ensure compliance with regulatory requirements. They may use risk dashboards, risk heat maps, and risk appetite frameworks to facilitate decision-making and risk oversight by senior management and the board of directors. Private banks prioritize proactive risk monitoring and client communication to maintain trust and confidence. They may provide regular portfolio reviews, risk assessments, and performance updates to clients, enabling them to make informed investment decisions and adjust their risk tolerance levels as needed. Nationalized banks operate within a highly regulated environment and must adhere to stringent regulatory requirements imposed by banking authorities. Compliance with regulatory guidelines, such as Basel III norms, Anti-Money Laundering (AML) regulations, and Know Your Customer (KYC) requirements, is essential to ensure sound risk management practices and maintain financial stability. Private banks also face regulatory scrutiny but may have more flexibility in designing risk management frameworks tailored to their client base and business objectives. They must strike a balance between regulatory compliance, client privacy, and business innovation while effectively managing risks associated with wealth management and investment advisory services.

Studying risk management practices employed by nationalized and private banks provides valuable insights into how these institutions identify, assess, mitigate, and monitor risks to ensure financial stability and resilience. By examining risk identification processes, risk assessment methodologies, risk mitigation strategies, risk monitoring frameworks, and regulatory considerations, researchers can gain a comprehensive understanding of the risk management landscape in the banking industry and identify areas for improvement and best practices dissemination.

3.2.3 Financial Health of Borrowers

In banking and finance, assessing the financial health and stability of borrowers is essential for responsible lending practices and risk management. Borrowers who obtain loans from private and public banks represent diverse demographics and socioeconomic backgrounds, each with unique financial circumstances and risk profiles.

Private banks often cater to high-net-worth individuals, affluent clients, and businesses with complex financial needs. When assessing the financial health and stability of borrowers, private banks typically focus on several key factors:

- Creditworthiness, private banks conduct thorough credit assessments to evaluate borrowers' credit history, repayment behaviour, and overall financial responsibility. A strong credit score and positive credit history signal financial discipline and reliability, increasing the likelihood of loan approval and favourable terms.
- Income and Assets, are also important factors that are considered to assess customers repayment capacity and financial stability. Borrowers with high incomes, substantial assets, and diversified investment portfolios may be deemed lower risk and eligible for larger loan amounts and more favourable interest rates.
- Debt-to-Income Ratio, these are analysed by private banks for comparing their monthly debt obligations to their income. A lower debt-to-income ratio indicates a healthier financial position and the ability to manage additional debt responsibly, leading to more favourable lending terms.
- Relationship Management, Private banks build long-term partnerships with clients based on trust, transparency, and mutual respect. Relationship managers work closely with borrowers to understand their financial goals, assess risk factors, and tailor loan solutions to meet their needs effectively.

Public banks serve a broader customer base and aim to promote financial inclusion, socioeconomic development, and community empowerment. When assessing the financial health and stability of borrowers, public banks may adopt a more inclusive approach, considering various factors:

- Credit History and Capacity, Public banks evaluate borrowers' credit history, repayment behaviour, and capacity to repay loans based on income and employment status. While creditworthiness is important, public banks may offer more lenient eligibility criteria and alternative credit assessment methods to accommodate underserved populations and marginalized communities.
- Collateral and Guarantees, Public banks may accept collateral or guarantees to secure loans, particularly for borrowers with limited credit history or lower income levels. Collateral provides lenders with additional security and enables borrowers to access financing, even if they do not meet traditional credit requirements.
- Community Impact and social responsibility, considering the broader socioeconomic context and potential benefits of lending initiatives. Loans from public banks may support small businesses, affordable housing projects, infrastructure development, and other initiatives that contribute to local economic growth and social welfare.
- Financial Education and Support, Public banks may offer financial education programs, counselling services, and support mechanisms to help borrowers improve their financial literacy, manage debt responsibly, and build sustainable livelihoods. By empowering borrowers with knowledge and resources, public banks promote financial resilience and long-term stability within communities.

In conclusion, assessing the overall financial health and stability of borrowers from private and public banks is essential for responsible lending, risk management, and socioeconomic development. While private banks prioritize creditworthiness, income levels, and relationship management, public banks adopt a more inclusive approach, considering factors such as credit history, collateral, community impact, and financial education. By leveraging their respective strengths and resources, private and public banks can contribute to

a more equitable and resilient financial system that serves the diverse needs of individuals, businesses, and communities.

3.2.4 Customer Satisfaction

In the ever-evolving landscape of banking, customer satisfaction assumes paramount importance as a barometer of the efficacy of services rendered by financial institutions.

Customer satisfaction, particularly within the realm of loan services, encapsulates a spectrum of dimensions, including but not limited to interest rates, loan terms, application processes, customer service standards, and overall experiential quality. Contented clientele not only exhibit disciplined repayment behaviours but also catalyse positive word-of-mouth endorsements, foster brand allegiance, and engender repeat patronage. Consequently, comprehending the underlying determinants of satisfaction stands as an imperative for banks seeking to fortify customer retention strategies and sustain competitive relevance.

Upon juxtaposing customer satisfaction levels between loans extended by private and public banks, several salient factors come to the fore:

- Service Quality: Private banks often champion bespoke services and individualized solutions, endeavouring to deliver superlative customer experiences. Conversely, public banks may accentuate accessibility and inclusivity, catering to a broader demographic spectrum. Perceived service excellence significantly influences customer satisfaction, with each banking category appealing to distinct borrower segments.

- Interest Rates and Loan Terms: The efficacy of interest rates and loan terms profoundly shapes borrower contentment. Private banks may proffer more competitive rates and flexible terms to allure high-net-worth clientele, whereas public banks might prioritize affordability and stability, particularly for economically marginalized borrowers. The alignment of loan provisions with customer requisites and anticipations substantially impacts satisfaction levels.

- Process and Convenience: The seamlessness and convenience of the loan application process constitute pivotal determinants of customer satisfaction. Private banks frequently leverage technological advancements to streamline applications and furnish digital alternatives, catering to tech-proficient borrowers. Conversely, public banks might focus on furnishing in-person assistance and simplified protocols to accommodate a diverse clientele base. The efficacy and transparency characterizing the application procedure significantly contribute to overall satisfaction.

- Customer Service and Support: Responsiveness and attentiveness in customer service represent seminal influencers of satisfaction pertaining to loan services. Private banks may invest in dedicated relationship managers and personalized aid to cultivate robust client rapport. Conversely, public banks might prioritize accessibility and responsiveness through helplines and branch networks. The availability of support channels and the efficacy of grievance redressal mechanisms markedly shape customer perceptions.

For private banks, upholding elevated levels of customer satisfaction assumes critical significance in retaining affluent clienteles and fostering sustained profitability. By furnishing superior service quality, competitive rates, and personalized experiences, private banks can carve a niche amidst a crowded market and allure discerning borrowers.

Conversely, for public banks, prioritizing inclusivity, affordability, and accessibility proves indispensable in meeting the multifaceted needs of clientele spanning diverse socioeconomic strata. By accentuating customer-centricity and community engagement, public banks can nurture trust, instil loyalty, and facilitate financial inclusion, thereby propelling social impact and sustainable growth trajectories.

In summation, customer satisfaction concerning loans dispensed by private and public banks is contingent upon an array of factors encompassing service

quality, interest rates, convenience, and customer service efficacy. While private banks may accentuate bespoke experiences and competitive propositions, public banks prioritize inclusivity and accessibility. Through astute comprehension and adept addressing of customer exigencies, both banking archetypes can augment satisfaction benchmarks, fortify client retention endeavours, and engender enduring success within the competitive banking milieu.

3.2.5 Collateral Basis

In the realm of banking, private and public banks serve unique roles in providing financial services to individuals and businesses. When it comes to loans, differences in collateral requirements and eligibility criteria between these institutions can significantly impact borrowers' access to funding. This essay examines how private and public banks approach collateral and eligibility criteria, shedding light on their effects on borrowers and the lending environment.

Private Banks:

Private banks predominantly cater to affluent clients and prioritize personalized service and risk management. Collateral requirements in private banks often revolve around secured loans with strict asset-based criteria. Borrowers seeking loans from private banks may be required to pledge high-value assets like real estate, investment portfolios, or business assets to secure funding. This substantial collateral gives private banks added security and allows them to offer competitive interest rates and terms.

Public Banks:

Conversely, public banks focus on serving a broader customer base and fostering financial inclusion. Collateral requirements in public banks can vary based on loan type and borrower profile. While secured loans are available, public banks often provide unsecured loan options with more flexible collateral choices. Borrowers may have access to financing based on factors such as creditworthiness, income stability, and loan purpose, without necessitating substantial collateral.

Private Banks:

Regarding eligibility criteria, private banks prioritize creditworthiness and financial stability. Applicants undergo rigorous credit assessments, including evaluations of credit history, income levels, debt-to-income ratios, and employment stability. Private banks may establish higher income thresholds and credit score requirements to qualify for their loans, ensuring borrowers possess the means to repay while maintaining a favourable risk profile.

Public Banks:

In contrast, public banks adopt a more inclusive approach to eligibility criteria, aiming to serve diverse clientele and stimulate economic growth. While creditworthiness remains vital, public banks may have more lenient criteria compared to their private counterparts. Borrowers with limited credit history or lower incomes may still qualify for loans from public banks, provided they demonstrate repayment capacity and meet basic requirements like residency and identification.

The differing approaches of private and public banks regarding collateral and eligibility criteria have several implications:

Access to Funding: Private banks may offer attractive loan terms but require substantial collateral and strict eligibility criteria, limiting access for certain borrowers. Public banks prioritize inclusivity and may offer opportunities for a broader range of borrowers to access loans with more flexible requirements.

Risk Management: Private banks focus on asset quality and risk management through collateral and rigorous credit assessments. Public banks' balance risk and social impact, supporting economic development while managing credit risk through prudent lending practices.

Customer Experience: Borrowers may encounter differences in the loan application process and customer service between private and public banks. Private banks may offer personalized assistance and tailored solutions, while public banks emphasize accessibility and community engagement.

In conclusion, collateral requirements and eligibility criteria for loans vary between private and public banks, reflecting their distinct business models and target markets. Understanding these differences enables borrowers to make informed decisions when seeking financing in the diverse landscape of banking services.

3.2.6 Disparities

Disparities in loan collateral and eligibility criteria between private and public banks highlight the contrasting approaches they take in the realm of banking services. Private banks, often catering to affluent clients, prioritize personalized service and risk management. Their collateral requirements typically revolve around secured loans with stringent asset-based criteria, demanding high-value assets like real estate or investment portfolios. This allows private banks to offer competitive interest rates but limits accessibility for borrowers without substantial collateral. On the other hand, public banks focus on inclusivity and serving a broader customer base. They offer more flexible collateral options and may provide unsecured loan alternatives, making financing accessible to a wider range of borrowers. While both types of banks assess creditworthiness, private banks tend to have stricter eligibility criteria, including higher income thresholds and credit score requirements. Public banks, in contrast, adopt a more inclusive approach, considering factors beyond just credit history and income levels. These differences in approach impact borrowers' access to funding, risk management strategies, and overall customer experience within the banking sector. Understanding these distinctions empowers borrowers to navigate the banking landscape effectively when seeking financial assistance.

3.3 PRIVATE BANKS

Private banks, known for their tailored services and focus on personalized banking experiences. These institutions give importance to customer relationships, offering a wide array of financial products to meet the unique needs of high-net-worth individuals and businesses. In the realm of loan services, private banks stand out for their stringent risk management practices and asset-based collateral requirements. Borrowers seeking finance from private banks often encounter rigorous eligibility criteria, including high-incomes and exemplary credit histories. Moreover, private banks mostly prefer secured loans, necessitating substantial collateral such as real estate properties, investment portfolios, or other high-value assets. This preference for secured lending enables private banks to offer competitive interest rates and favourable terms but this pose challenges for borrowers who lacks significant assets or established credit profiles. Despite of these strict requirements, private banks excel in providing tailored financial solutions, personalized advisory services, and exclusive privileges to their clients, fostering long-term relationships based on trust and exceptional service delivery.

3.3.1 FEATURES OF PRIVATE BANKS:

- **Tailored Service**: Private banks often offer customized services tailored to meet the individual requirements of their clients.
- **Diverse Product Portfolio**: They typically provide a broad range of financial products and services, including loans, investment opportunities, and wealth management solutions.
- **Advanced Technological Infrastructure**: Many private banks invest in cutting-edge technology platforms to deliver efficient and user-friendly banking experiences.

- **Exclusive Privileges**: Some private banks provide exclusive perks such as access to luxury concierge services, prioritized customer support, and specialized financial guidance.
- **Confidentiality**: They adhere to strict confidentiality and privacy standards, safeguarding client information and maintaining confidentiality in their dealings, in line with legal and regulatory requirements.
- **Higher entry requirements:** They may have higher entry requirements for clients, including minimum account balances, and asset under management (AUM) criteria, to access their premium services and products.
- **Maximisation of Profit:** Private banks prioritize profit maximization and shareholder returns, aiming to generate revenue through various financial services, including lending, wealth management, investment banking, and asset management.
- **Private Ownership:** Private banks are owned and operated by private individuals, corporations, or investors, rather than by the government or state authorities.

3.3.2 ADVANTAGES OF PRIVATE BANKS:

- **Personalized Solutions**: Private banks frequently offer tailored financial solutions based on their clients' unique financial objectives and circumstances.
- **Expert Advisory**: Clients may benefit from access to highly skilled financial advisors and wealth managers who can offer sophisticated investment counsel.
- **Comprehensive Wealth Management**: Private banks can provide holistic wealth management services encompassing investment management, estate planning, and tax optimization strategies.
- **Priority Treatment**: Clients may receive preferential treatment and priority service to high-net-worth clients or those who qualify for premium banking services.
- **Convenience and Flexibility:** Private banks offer convenient and flexible banking services, which include personalized account management, online banking platforms, mobile banking apps, and dedicated relationship managers who provide responsive and efficient service.

- **Global Reach**: Many private banks offer international banking services, offshore accounts, and cross-border investment solutions, allowing clients to manage their wealth across multiple jurisdictions and diversify their portfolios internationally.
- **Access to Networks:** Private banks often provide access to exclusive networks, events, and opportunities that benefit clients professionally and personally which includes networking events, educational seminars, and introductions to key industry contacts.
- **Comprehensive Wealth Management:** Private banks offer comprehensive wealth management services that go beyond traditional banking, including tax planning, estate planning, legacy planning, and succession planning for business owners.
- **Long-term Relations:** Private banks prioritize in building long-term relationships with clients, that focus on trust, transparency, and ongoing communication to understand evolving financial needs and provide continuous support and guidance.
- **Family Office Services**: Many private banks offer family office services, which provide wealth management solutions for high-net-worth families. This includes managing family assets, coordinating financial affairs, and addressing multi-generational wealth planning needs.
- **Corporate Banking Services**: Private banks extend corporate banking services to business clients, including financing solutions, treasury services, cash management, trade finance, and advisory services, supporting their growth and strategic objectives.

3.3.3 DISADVANTAGES OF PRIVATE BANKS:

- **Fee Structure**: Private banks may impose higher fees and require larger minimum account balances compared to nationalized banks.
- **Limited Accessibility**: Private banks may have a restricted branch network, inconveniencing clients who prefer in-person banking services.
- **Exclusive Membership Criteria**: Some private banks enforce stringent eligibility criteria, limiting access to only high-net-worth individuals or specific demographic segments.

- **Potential for Bias:** There's a risk of biased advice or conflicts of interest, as private banks may prioritize their own financial products or services over those of competitors.
- **Minimum Balance Requirement:** Private banks may impose high minimum balance requirements for clients to access premium banking services, investment products, and personalized advisory services. Maintaining these minimum balances can be sometimes challenging for some clients.
- **Regulatory Compliance:** Private banks are subject to stringent regulatory requirements, compliance standards, and reporting obligations, which can result in burdens, increased costs, and limitations on certain banking activities or services.
- **Dependency on Relationship Managers:** The quality and effectiveness of private banking services can be highly dependent on the expertise, availability, and performance of individual relationship managers. Clients may experience variations in service quality if they change relationship managers or if their manager leaves the bank.
- **Lack of Flexibility**: Private banks may have rigid policies, procedures, and investment guidelines that limit the flexibility of clients to make timely adjustments to their investment portfolios, respond to market conditions, or capitalize on emerging opportunities.

3.4 NATIONALISED BANKS:

Nationalized banks are financial institutions that are owned and operated by the government. In a nationalized bank, the majority of the shares are owned by the government. This gives the government significant control over the bank's operations, policies, and management. These banks are often established with the goal of promoting financial inclusion, supporting economic development, and ensuring stability in the banking sector. Like all other banks, nationalized banks are regulated by central banking authorities and government agencies to ensure compliance with financial regulations, protect depositors' interests, and maintain stability in the banking system. Nationalized banks offer a variety of banking services such as savings accounts, loans, investments, and other financial products to individuals, businesses, and government entities. One of the key objectives of nationalized banks is to extend banking services to rural and underserved areas and thereby contributing to financial inclusion and economic empowerment. Examples of nationalized banks are State Bank of India (SBI) and Bank of Baroda (BOB) in India, etc

3.4.1 Features of Nationalised Banks

The features collectively reflect the unique role that nationalized banks play in the economy, balancing financial services with social and developmental objectives.

- **Government Ownership**: Nationalized banks are owned and operated by the government, which holds the majority of shares. This ownership structure gives the government significant control over the bank's operations and policies.
- **Public Trust:** Nationalized banks often enjoy a high level of trust among the public due to their association with the government. This is because of the belief that government-backed banks are more stable and secure.
- **Financial Inclusion**: Nationalized banks play a crucial role in promoting financial inclusion by providing banking services to rural and underserved areas. Policy Implementation: Nationalized banks are instrumental in implementing government policies related to banking, finance, and economic development.
- **Stability:** Government ownership of nationalized banks is seen as a stabilizing factor in the banking sector, especially during times of economic turmoil.
- **Social Responsibility**: Nationalized banks are expected to fulfil social responsibilities along with their financial objectives. This includes supporting small businesses, agriculture, education loans, and other activities that contribute to societal welfare.
- **Regulatory Compliance**: Like all banks, nationalized banks must adhere to regulatory standards set by central banks and government authorities. They are subject to regular audits, risk assessments, and regulatory reporting to ensure compliance and stability in the financial system.

3.4.2Advantages of Nationalised Banks

- **Stability and Security**: Nationalized banks are often considered more stable and secure compared to private banks because of their govt ownership. This stability can attract more deposits and investments and contributes to the overall financial stability of the banking sector.
- **Lower Interest Rates:** Nationalized banks may offer lower interest rates on loans and credit facilities compared to private banks. This can benefit borrowers, including small businesses and individuals, by reducing their cost of borrowing and making credit more affordable.
- **Focus on Social Objectives**: Nationalized banks often focus on social and developmental objectives, such as supporting agriculture, small-scale industries, education loans, and housing finance. This targeted approach helps address societal needs and promote inclusive growth.
- **Government Support:** In times of financial crises or economic downturns, nationalized banks can receive direct support from the government, such as capital injections or liquidity assistance. This enhances their resilience and ability to navigate challenging economic conditions.
- **Long-Term Perspective**: Nationalized banks are typically less driven by short-term profit motives and shareholder interests compared to private banks. They can take a long-term perspective in their decision-making, prioritizing sustainable growth and economic development over immediate financial gains.
- **Access to Government Schemes**: Nationalized banks often play an important role in implementing government-sponsored schemes such as subsidies, grants, and credit guarantee programs. This facilitates the flow of funds to targeted sectors and promotes inclusive economic participation.
- **Regulatory Oversight:** Nationalized banks are subject to rigorous regulatory oversight by central banks and government authorities. This regulatory framework ensures compliance with financial regulations, risk management practices, and consumer protection measures, enhancing overall transparency and accountability.

3.4.3 Disadvantages of Nationalised Banks

- **Bureaucratic Processes**: Due to their government ownership and control, nationalized banks may be subject to bureaucratic processes and decision-making. This may lead to slower response times, inefficiencies, and delays in implementing new strategies.
- **Political Interference**: Nationalized banks may face political interference or pressure to lend to certain sectors or individuals based on political considerations rather than purely financial criteria. This can affect them risk management practices and financial sustainability.
- **Lack of Competitiveness**: Nationalized banks may face challenges in competing with private banks and non-banking financial institutions in terms of innovation, customer service, and product offerings. This can limit their ability to attract customers and retain market share.
- **Limited Autonomy**: Nationalized banks may have limited autonomy in decision-making, including issues related to hiring, compensation, and strategic partnerships. This can impact their agility and flexibility in responding to market dynamics and customer demands
- **Risk of Non-Performing Assets (NPAs):** Nationalized banks may be more susceptible to higher levels of non-performing assets (NPAs) compared to private banks. This could be due to factors such as political pressures to lend, inadequate risk assessment practices, or exposure to certain vulnerable sectors.
- **Capital Constraints:** Nationalized banks may face challenges in raising capital from private investors due to government ownership and regulatory restrictions. This can limit their ability to expand operations, invest in technology upgrades, or pursue growth opportunities.
- **Limited Profitability**: Nationalized banks may prioritize social and developmental objectives over profitability, which can impact their financial performance and return on equity. This may also lead to lower dividend payouts to shareholders or the need for periodic capital injections from the government.

3.5 COMPARISON OF INTEREST RATES FOR THE LOANS PROVIDED BY PRIVATE AND NATIONALISED BANKS:

1.Home Loan:

For home loans, interest rates offered by private banks typically range between 6% and 12% per annum, while those offered by public banks generally fall between 6% and 10.5% per annum.

2.Education Loan:

Interest rates for education loans in private banks usually vary from 8% to 15% per annum, whereas public banks offer rates ranging from approximately 7% to 12% per annum.

3.Mortgage Loan:

Private banks typically offer mortgage loan interest rates ranging from 8% to 14% per annum, while public banks may offer rates between 7.5% and 13% per annum.

4.Personal Loan:

Interest rates for personal loans in private banks can be higher, ranging from around 10% to 24% per annum, whereas public banks generally offer rates ranging from 9% to 20% per annum.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 DATA ANALYSIS AND INTERPRETATION

This chapter deals with analysis and interpretation of the data collected from the respondents. The survey was conducted among 100 individuals in Ernakulam district. Data is expressed in the form of percentages. Table, pie chart, bar graph are used to present the data.

TABLE 4.1 DEMOGRAPHIC DATA: GENDER

SL.NO	GENDER	NO OF RESPONDENTS	PERCENTAGE
1	Male	24	24%
2	Female	75	75%
3	Other	1	1%
	TOTAL	**100**	**100%**

Source: Primary data

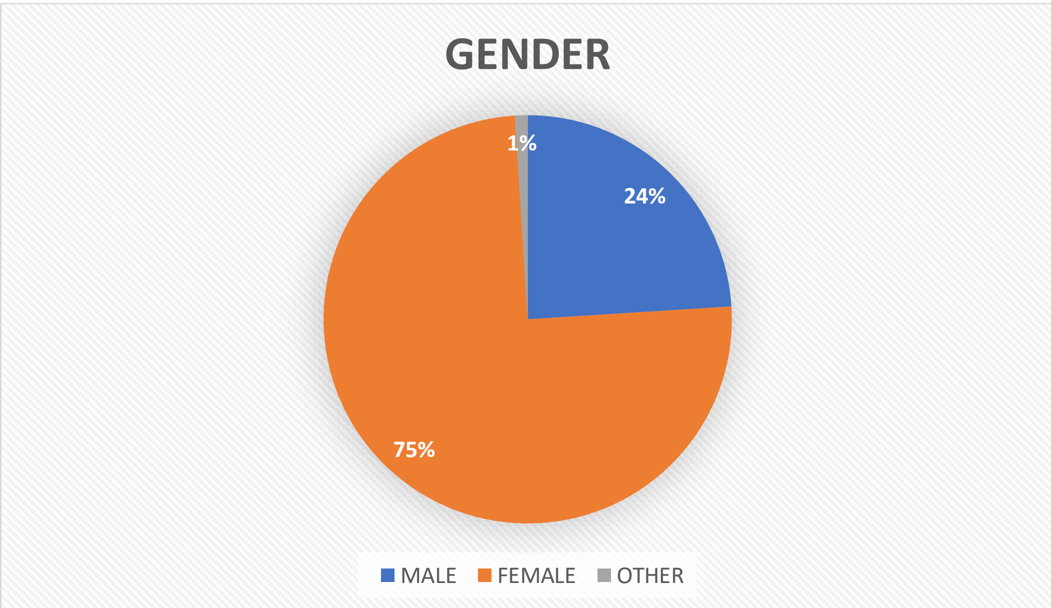

FIG. 4.1 GENDER

Interpretation

The table 4.1 represents the gender distribution among respondents in the survey. The majority of respondents are female, making up 75% of the total. Male respondents constitute 24% of the total, which is significantly lower than the female respondents. There is also a small percentage (1%) of respondents who identified as "Other."

Table 4.1 reveals that the majority of respondents were female, with a smaller proportion being male and a very small percentage identifying as other genders.

TABLE 4.2 DEMOGRAPHIC DATA: QUALIFICATION

SL.NO	QUALIFICATION	NO OF RESPONDENTS	PERCENTAGE
1	10th/12th Equivalent	26	26%
2	Graduate/Diploma	60	60%
3	Post Graduate	11	11%
4	Other	3	3%
	TOTAL	**100**	**100%**

Source: Primary data

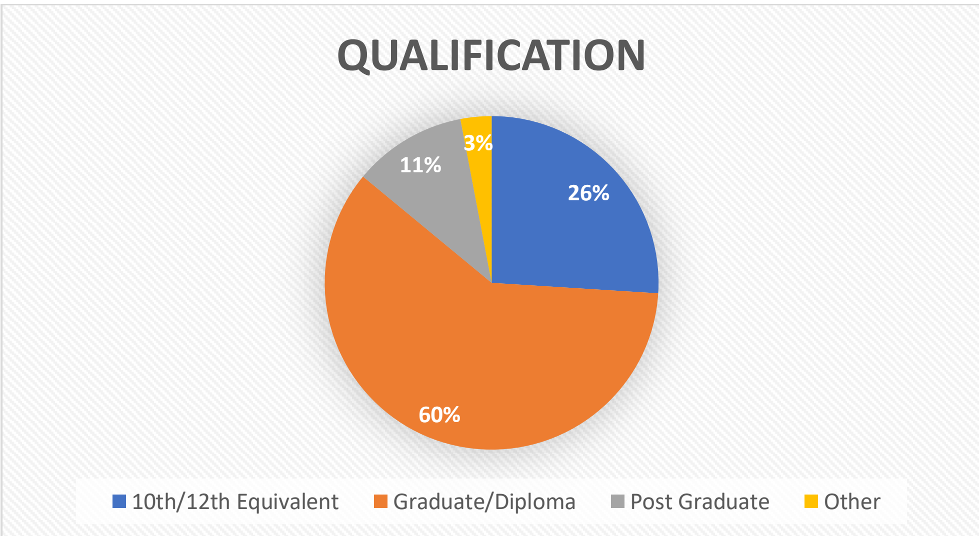

FIG. 4.2 QUALIFICATION

Interpretation

The table 4.2 shows the qualifications of the respondents. The largest group, comprising 60% of respondents, holds Graduate/Diploma qualifications, suggesting a predominantly educated audience. This suggests that your project may attract a well-educated audience with a solid educational foundation. 26% have 10th/12th Equivalent qualifications, 11% are Post Graduates, and 3% fall into the "Other" category, necessitating further clarifications.

Table 4.2 concludes that the qualifications of the the majority of respondents were graduates or had diplomas and next with 10th/12th equivalent qualifications, others were postgraduates, and also had other qualifications.

TABLE 4.3 DEMOGRAPHIC DATA: OCCUPATION

SL.NO	OCCUPATION	NO OF RESPONDENTS	PERCENTAGE
1	GOVERNMENT JOB	2	2%
2	PRIVATE JOB	75	75%
3	STUDENT	15	15%
4	OTHER	8	8%
	TOTAL	**100**	**100%**

Source: Primary data

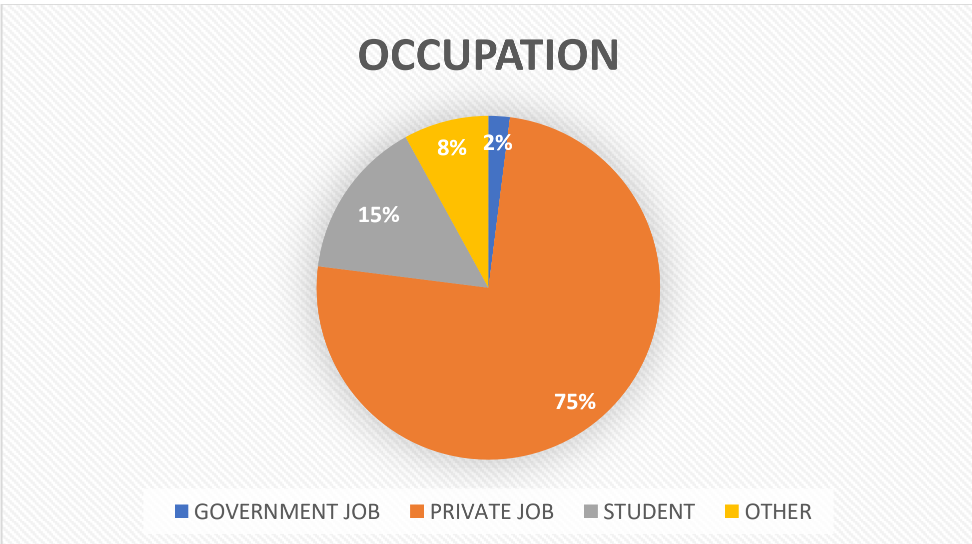

FIG. 4.3 OCCUPATION

Interpretation

The table 4.3 highlights the diverse employment statuses among respondents. A mere 2% hold government jobs, indicating a minor representation of public sector workers in the sample. In contrast, a significant majority of 75% are engaged in private jobs, reflecting a predominantly private sector-oriented demographic. The 15% of respondents who are students suggest a notable segment of individuals balancing education with other responsibilities. Furthermore, the 8% categorized under "Other" necessitate additional clarification to understand their specific employment situations.

Table 4.3 reveals that the majority of respondents are employed in private job, while a smaller portion were students and others were government servants.

TABLE 4.4 DEMOGRAPHIC DATA: MONTHLY INCOME

SL.NO	MONTHLY INCOME	NO OF RESPONDENTS	PERCENTAGE
1	LESS THAN 10000	6	6%
2	10000-30000	24	24%
3	30000-50000	55	55%
4	50000 AND ABOVE	15	15%
	TOTAL	**100**	**100%**

Source: Primary Data

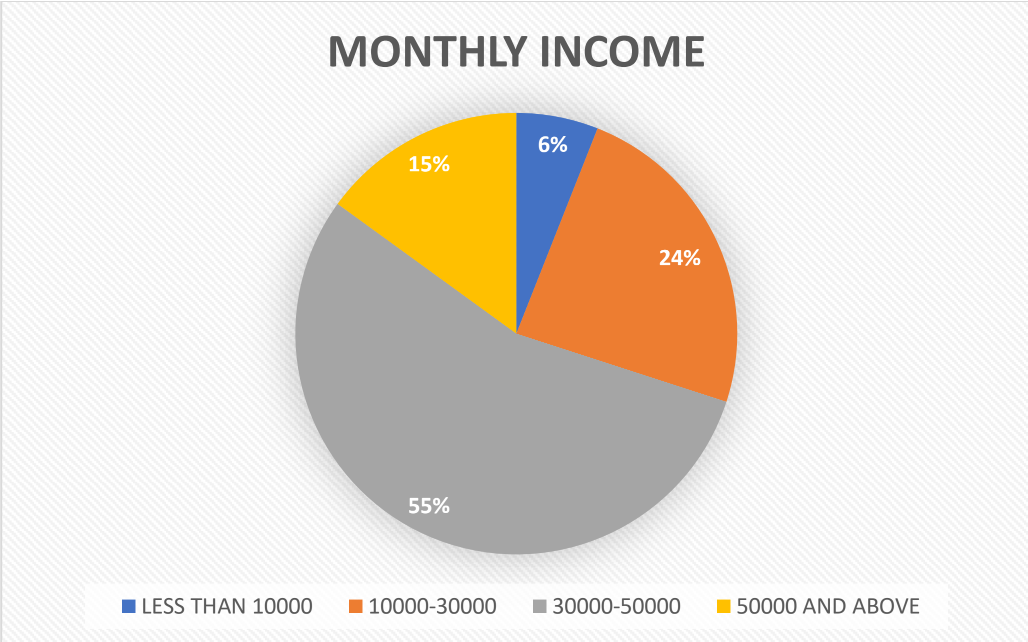

FIG. 4.4 MONTHLY INCOME

Interpretation

The table 4.4 shows a picture of respondents' monthly incomes. A small segment, constituting 6% of the total, earns less than 10000 units per month, the majority falls into the middle-income brackets. Specifically, 24% report incomes ranging from 10000 to 30000 units, reflecting a sizable middle-income group. Moreover, a significant portion of 55% falls within the 30000 to 50000 units range, indicating a middle-to-upper-middle-income segment. Notably, 15% of respondents enjoy incomes of 50000 units or higher, representing a minority in the higher income bracket.

Table 4.4 reveals that the majority of respondents had a higher monthly income, followed by with incomes between 10,000 and 30,000, others with incomes above 50,000, and also a group earning less than 10,000 per month.

TABLE 4.5 INDIVIDUAL APPROACHING NATIONALISED AND PRIVATE BANKS

BANKS	NO OF RESPONDENTS	PERCENTAGE
NATIONALISED	61	61%
PRIVATE	27	27%
OTHER	12	12%
TOTAL	**100**	**100%**

Source: Primary data

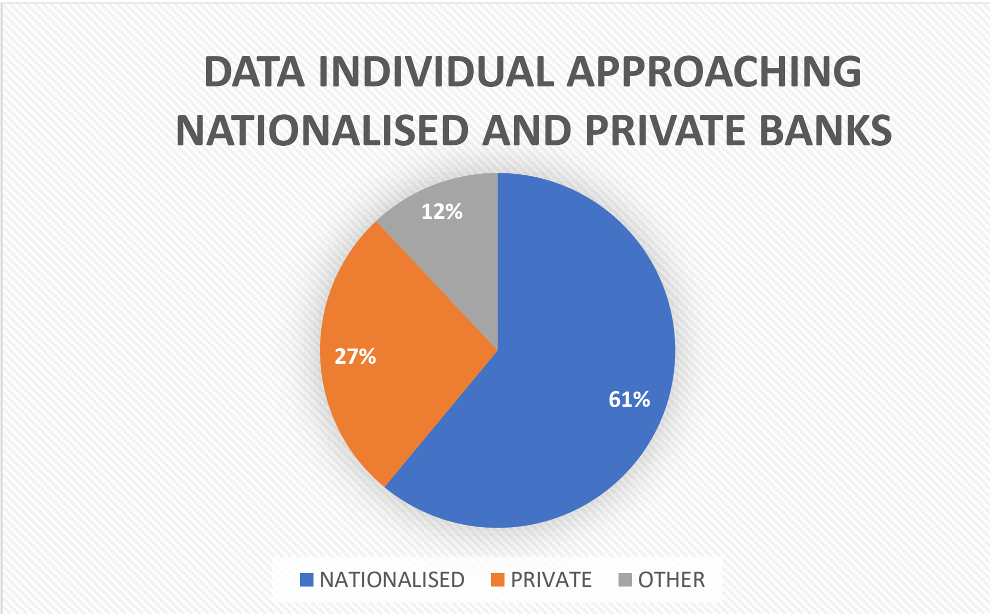

FIG. 4.5 INDIVIDUALS APPROACHING NATIONALISED AND PRIVATE BANKS

Interpretation

Table 4.5 conveys that significant majority, comprising 61% of respondents, prefer nationalized banks. This could stem from factors such as perceived trust, stability due to government backing, or familiarity with nationalized bank services. On the other hand, 27% of respondents opt for private banks, indicating a substantial but comparatively smaller segment of individuals who prioritize the personalized services and innovative solutions often associated with private banking institutions. The remaining 12% fall into the "Other" category, necessitating further investigation to understand their banking preferences or reasons for not choosing either nationalized or private banks.

Moreover, this distribution showcases a significant preference for nationalized banks among the surveyed individuals. Possible reasons for this preference could include trust in government institutions, perceived stability, lower interest rates and some services offered by nationalized banks. Understanding these factors can provide insights into customer behaviour and preferences in the banking industry.

TABLE 4.6 TYPE OF LOAN TAKEN

SL.NO	TYPE OF LOAN	NO OF RESPONDENTS	PERCENTAGE
1	PERSONAL LOAN	22	22%
2	VEHICLE LOAN	28	28%
3	EDUCATIONAL LOAN	39	39%
4	MORTGAGE LOAN	2	2%
5	HOUSING LOAN	30	30%
6	CREDIT CARD	13	13%
7	OTHER	9	9%

Source: Primary data

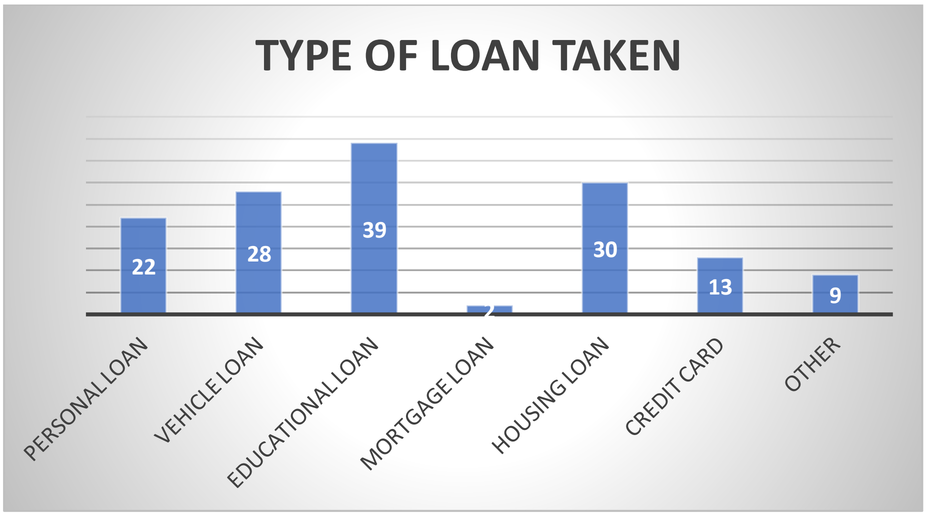

FIG. 4.6 TYPE OF LOAN TAKEN

Interpretation

The table 4.6 disclose the distribution of respondents based on the type of loan taken. Educational loans stand out as the most popular choice, with 39% of respondents opting for this type of loan. Next are vehicle loans and housing loans, each chosen by 28% and 30% of respondents. Personal loans and credit cards are also popular choices, with 22% and 13% of respondents selecting them. Mortgage loans and other types of loans have lower representation, chosen by only 2% and 9% of respondents, respectively.

This data in table 4.6 shows a significant demand for loans related to education, housing, and vehicles among the surveyed individuals, indicating diverse financial needs and priorities among borrowers.

TABLE 4.7 LOAN BEING DENIED BY PUBLC BANK AND HAD APPROACH PRIVATE BANK

SL.NO	LOAN BEING DENIED	NO OF RESPONDENTS	PERCENTAGE
1	Yes	73	73%
2	No	27	27%
	TOTAL	**100**	**100**

Source: Primary data

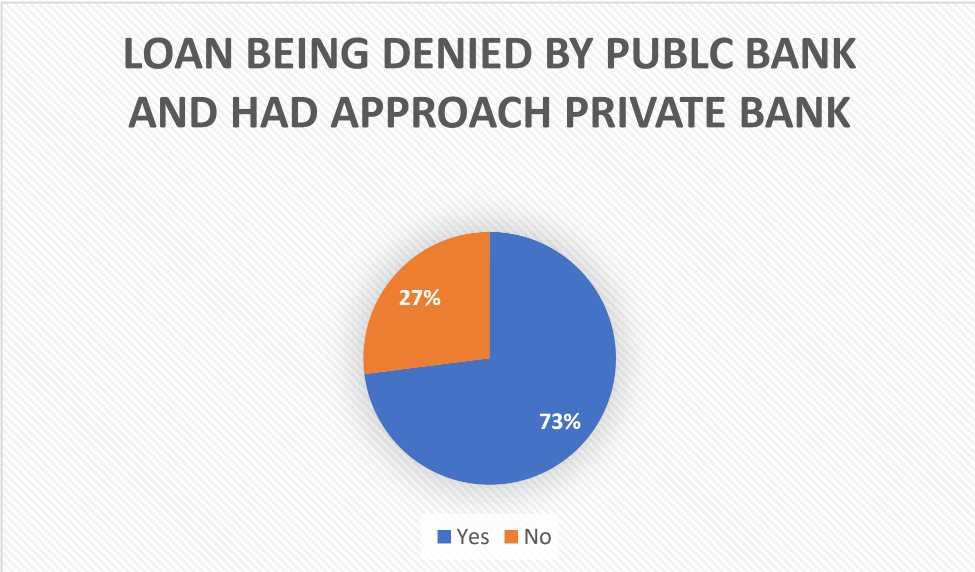

FIG. 4.7 LOAN APPROVAL PROCESS IN PRIVATE AND PUBLIC BANKS

Interpretation

The data from Table 4.7 reveals a stark reality in the loan approval process between public and private banks. The 73% denial rate suggests potential challenges or stricter criteria associated with obtaining loans from public banks. Conversely, the 27% of respondents who did not experience loan denials may indicate a smoother lending process or eligibility criteria alignment for their loan applications.

This indicates a majority portion of individuals experiencing challenges when seeking loans from public banks, leading them to take up alternatives such as private banks. Possible reasons for these denials could include strict eligibility criteria, lack of collateral, credit history issues and other factors contributing to loan application rejections in public banking institutions. Understanding these patterns can help in assessing the effectiveness of lending practices and identifying areas for improvement in the loan approval process.

TABLE 4.8 DIFFICULTY IN MONTHLY REPAYMENT OF LOAN

SL.NO	YES/NO/MAYBE	NO OF RESPONDENTS	PERCENTAGE
1	Yes	60	60%
2	No	22	22%
3	Maybe	18	18%
	TOTAL	**100**	**100%**

Source: Primary data

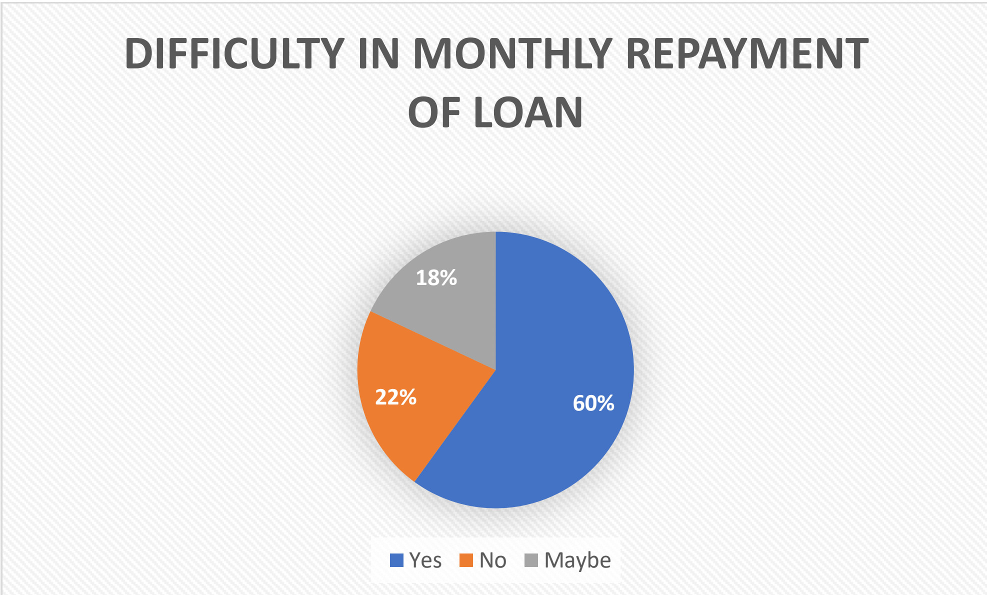

FIG 4.8 DIFFICULTY IN MONTHLY REPAYMENT OF LOAN

Interpretation

Interpreting table 4.8 reveals a diverse range of experiences and perspectives among respondents regarding the difficulty in monthly loan repayment. The majority of respondents, constituting 60%, indicated that they find it difficult to manage monthly loan repayments. On the other hand, 22% of respondents stated that they do not find it difficult to repay their loans monthly. The "Maybe" category, accounting for 18% of respondents, indicates uncertainty regarding monthly loan repayments.

Possible reasons for these difficulties could include financial constraints, unexpected expenses, changes in income, inadequate planning and so on. Addressing these challenges is crucial for ensuring sustainable loan management and reducing the risk of defaults or financial distress among borrowers.

TABLE 4.9 LOAN APPLICATION PROCESS AT NATIONALISED BANKS COMPARED TO PRIVATE BANKS

SCALE	NO OF RESPONDENTS	PERCENTAGE
1	14	14%
2	13	13%
3	50	50%
4	17	17%
5	6	6%

Source: Primary data

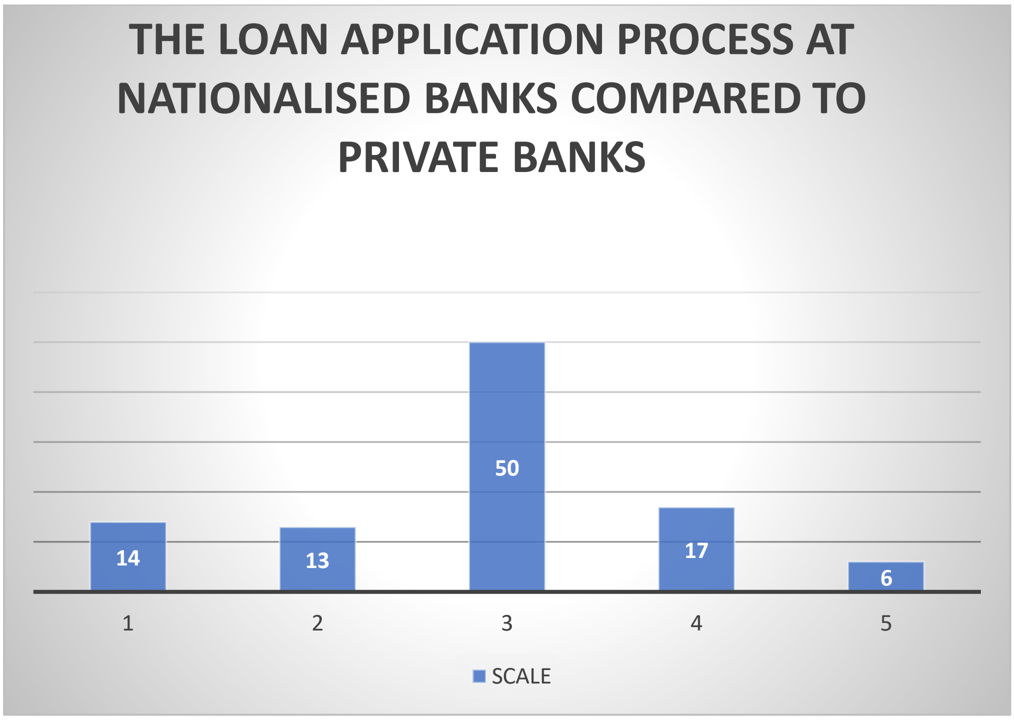

FIG 4.9 LOAN APPLICATION PROCESS AT NATIONALISED BANKS COMPARED TO PRIVATE BANKS

Interpretation

The table 4.9 data indicates that 50% of respondents found the loan application process at nationalized banks to be satisfactory (Scale 3), followed by the 17% who rated it as good (Scale 4), and 14% as poor (Scale 1). In comparison, private banks received ratings of 13% satisfactory (Scale 3), 6% good (Scale 4), and 17% poor (Scale 1).

This concludes that a mixed perception among respondents regarding the ease of loan application at nationalized banks, with a significant portion finding it moderately easy, some experiencing difficulties, and a smaller proportion finding it very easy.

TABLE 4.10 INDIVIDUALS AWARENESS ABOUT GOVERNMENT MEASURES

SL.NO	YES/NO/MAYBE	NO OF RESPONDENTS	PERCENTAGE
1	Yes	16	16%
2	No	46	46%
3	Maybe	38	38%
	TOTAL	**100**	**100%**

Source: Primary data

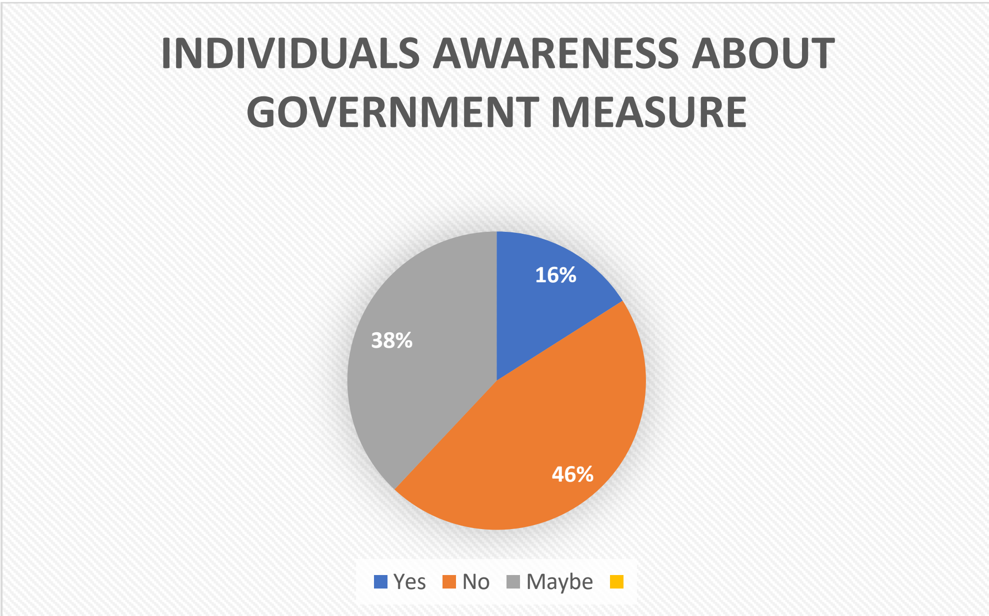

FIG 4.10 INDIVIDUALS AWARENESS ABOUT GOVERNMENT MEASURE

Interpretation

The table 4.10 indicates that 16 respondents, accounting for 16% of the total respondents, are aware of government regulation measures related to loans. 46 respondents, representing 46% of the total respondents, are not aware of any government regulation measures related to loans. 38 respondents, comprising 38% of the total respondents, are uncertain or have mixed opinions regarding their awareness of government regulation measures related to loans.

This suggests a need for increased efforts to inform the public about government initiatives and policies, particularly those related to financial matters or services that could impact individuals' decisions and behaviours. Improving awareness can enhance transparency, trust and informed decision making among the population.

TABLE 4.11 CHALLENGES FACING DURING LOAN APPLICATION PROCESS

SL.NO	CHALLENGE FACED	NO OF RESPONDENTS	PERCENTAGE
1	Yes	57	57%
2	No	43	43%
	TOTAL	**100**	**100**

Source: Primary data

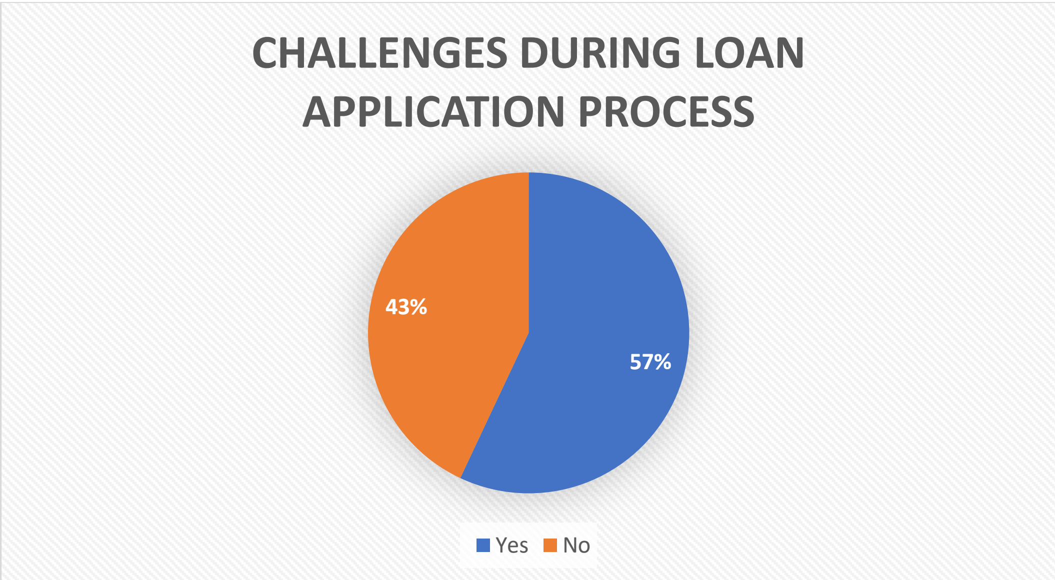

FIG 4.11 CHALLENGES FACED DURING LOAN APPLICATION PROCESS

Interpretation

Data from table 4.11 indicates that a majority proportion of respondents, accounting for 57% of the total, encountered various challenges during the loan application process. Whereas, 43% of the respondents did not face any challenges, highlighting a notable disparity in the experiences of individuals seeking loans.

This indicates a significant portion of individuals experiencing issues when applying for loans. These challenges could include complex application procedures, strict eligibility criteria, documentation requirements, or communication issues with the lending institution. Understanding and addressing these challenges are essential for improving the loan application experience and increasing access to credit for borrowers.

TABLE 4.12 SECTOR IN WHICH INDIVIDUAL FACED CHALLENGE

SL.NO	SECTOR	NO OF RESPONDENTS	PERCENTAGE
1	PRIVATE	41.8	42%
2	PUBLIC	58.2	58%
	TOTAL	**100**	**100**

Source: Primary data

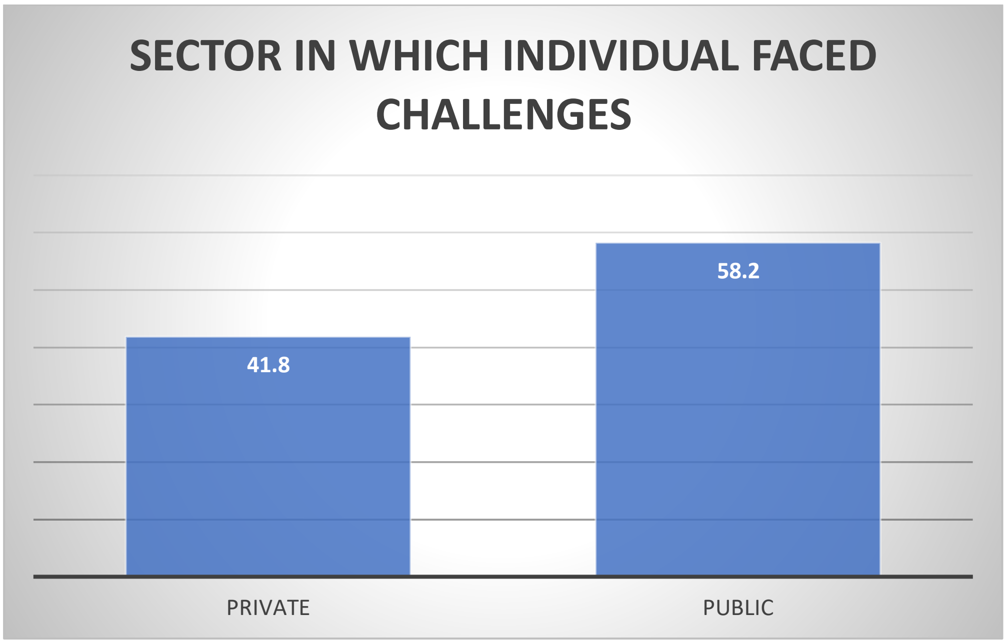

FIG 4.12 SECTOR IN WHICH INDIVIDUAL FACED CHALLENGE

Interpretation

Table 4.12 suggests that challenges during the loan application process were more prevalent among respondents in the public sector, which accounted for 58.2% of the total respondents. This indicates that individuals dealing with public sector entities encountered a higher frequency of obstacles or difficulties compared to those in the private sector, which was 41.8% of the total respondents.

This means that a majority of individuals experienced challenges with public institutions during their loan-related interactions. Understanding these sector-specific challenges can help in designing targeted interventions to improve the overall loan application experience for borrowers.

TABLE 4.13 INDIVIDUALS AWARENESS ABOUT VARIATION IN INTEREST RATE FOR SAME KIND OF LOAN

SL.NO	YES/NO/MAYBE	NO OF RESPONDENTS	PERCENTAGE
1	Yes	39	39%
2	No	28	28%
3	Not Aware	33	33%
	TOTAL	**100**	**100%**

Source: Primary data

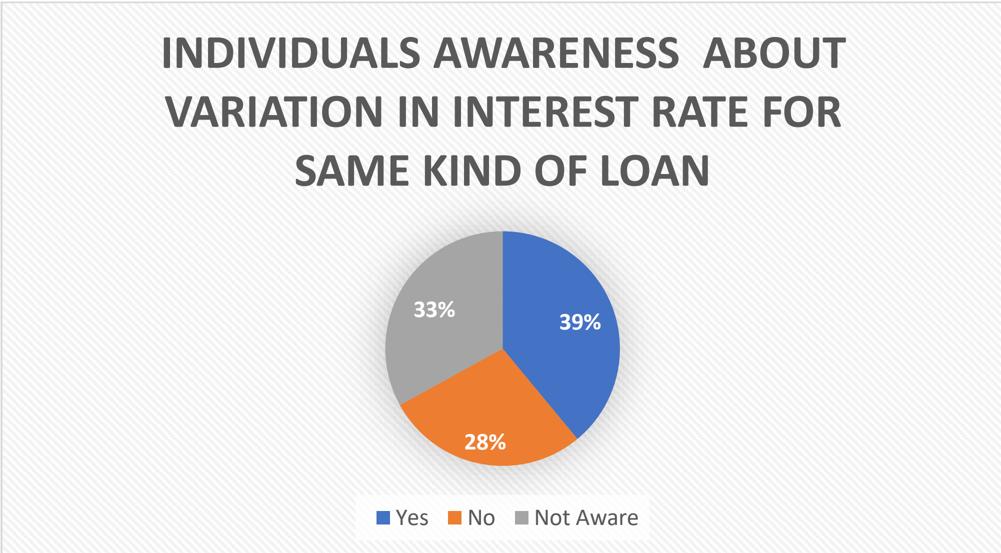

FIG 4.13 INDIVIDUALS AWARENESS ABOUT VARIATION IN INTEREST RATE FOR SAME KIND OF LOAN

Interpretation

Data from table 4.13 reveals that 39% of respondents were aware of the interest rate differences between nationalized and private banks for the same types of loans, while 28% were not aware. Moreover, 33% of respondents indicated that they were unsure or not aware of these differences.

This suggests a notable gap in understanding among individuals regarding interest rates, highlighting the importance of enhancing financial literacy and communication to empower borrowers with better information for decision-making during the loan application process.

TABLE 4.14 BANK THAT PROVIDE THE LOAN WITH HIGH INTEREST RATES

SL.NO	SECTOR	NO OF RESPONDENTS	PERCENTAGE
1	PRIVATE	74.2	74.2%
2	PUBLIC	25.8	25.8%
	TOTAL	**100**	**100**

Source: Primary data

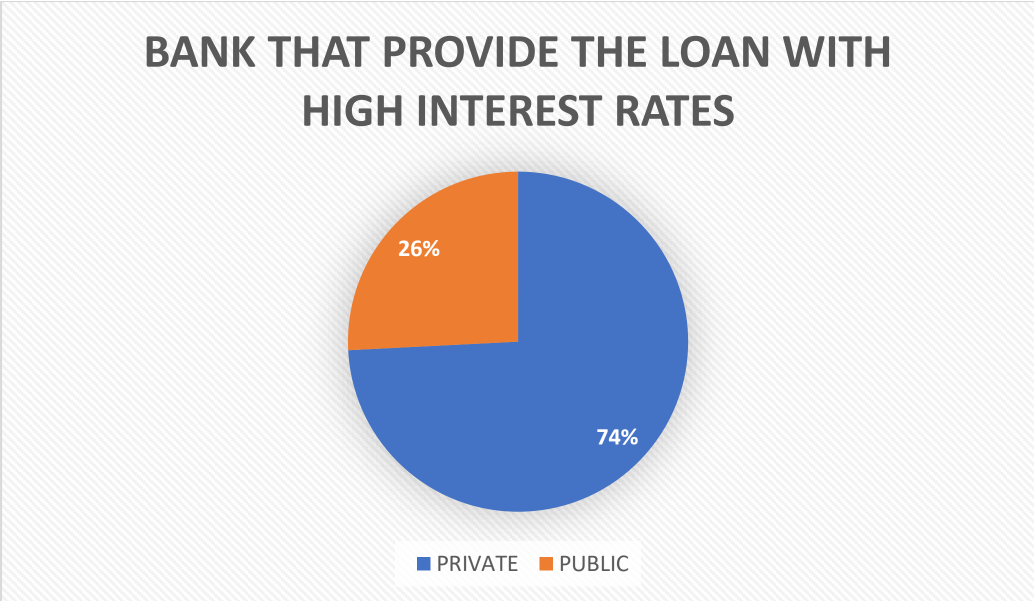

FIG 4.14 BANK THAT PROVIDE THE LOAN WITH HIGH INTEREST RATES

Interpretation

Table 4.14 indicates that majority of respondents, accounting for 74.2%, perceive private banks as providers of loans with high-interest rates. Whereas, only 25.8% of respondents associated public sector banks with high-interest rate loans.

This perception reflects a belief among respondents that private banks offer loans with comparatively higher interest rates, potentially influencing their decisions when considering loan options. Understanding these perceptions is crucial for financial institutions to address customer concerns and enhance transparency regarding loan terms and interest rates across different banking sectors.

TABLE 4.15 THE LOAN TERMS (REPAYMENT PERIOD, PENALITIES) CLEARER IN NATIONALAISED OR PRIVATE BANKS.

SL.NO	SECTOR	NO OF RESPONDENTS	PERCENTAGE
1	PRIVATE	37	37%
2	PUBLIC	63	63%
	TOTAL	**100**	**100**

Source: Primary data

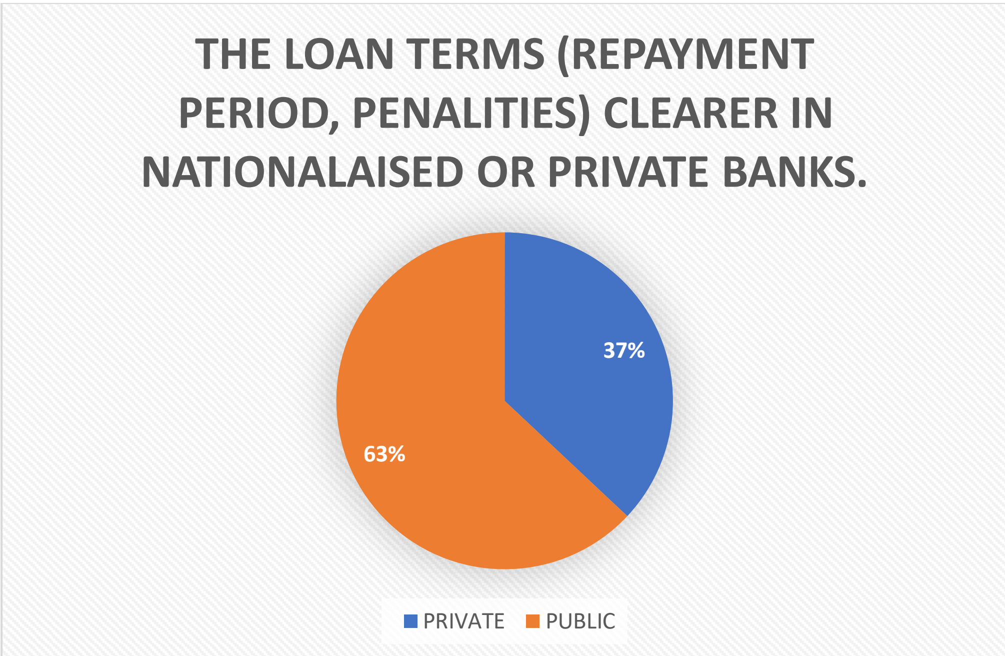

FIG 4.15 THE LOAN TERMS (REPAYMENT PERIOD, PENALITIES) CLEARER IN NATIONALISED OR PRIVATE BANKS

Interpretation

Table 4.15 reveals that 63% of respondents found loan terms such as repayment periods and penalties clearer in nationalized banks and 37% felt the terms were clearer in private banks.

This suggests that a majority of individuals perceived nationalized banks as providing clearer information regarding loan terms compared to private banks. Clear and transparent loan terms can contribute to better understanding and decision making among borrowers, enhancing their overall experience with loan products and services.

TABLE 4.16 INDIVIDUAL FACING DELAYS IN LOAN DISBURESEMENT FROM EITHER NATIONALISED OR PRIVATE BANKS

SL.NO	YES/NO	NO OF RESPONDENTS	PERCENTAGE
1	YES	25	25%
2	NO	75	75%
	TOTAL	**100**	**100**

Source: Primary data

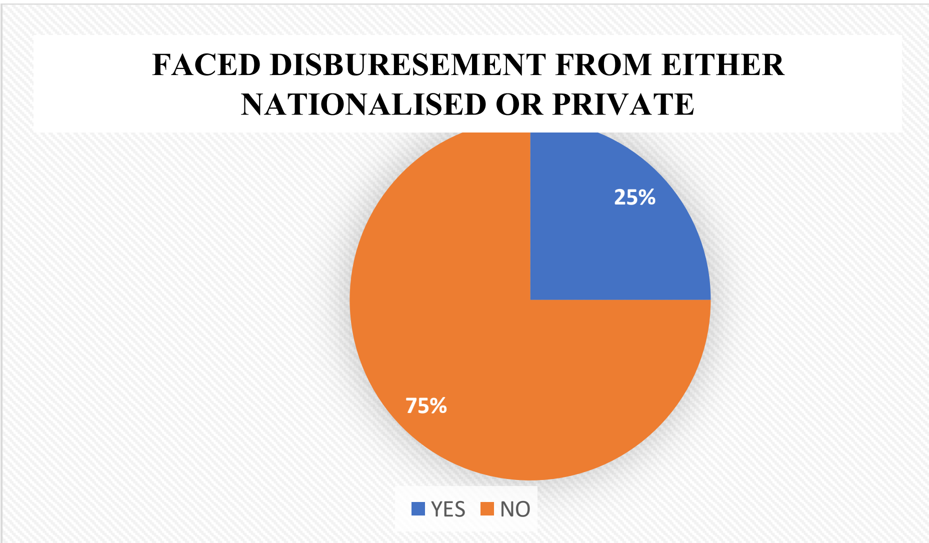

FIG 4.16 FACED DISBURESEMENT FROM EITHER NATIONALISED OR PRIVATE BANKS

Interpretation

Table 4.16shows that 25% of respondents faced delays in loan disbursement from either nationalized or private banks, while the majority, constituting 75% of respondents, did not encounter such delays.

This indicates that a significant proportion of individuals did not experience delays in receiving their loans, suggesting efficient loan processing systems or timely services from both nationalized and private banks. However, the presence of a quarter of respondents facing delays highlights the importance of continuous monitoring and improvement in loan processing procedures to ensure prompt and reliable disbursement of loans to customers.

TABLE 4.17 CUSTOMER SERVICE EXPERIENCED AT NATIONALISED BANK COMPARED TO PRIVATE BANKS

SCALE	NO OF RESPONDENTS	PERCENTAGE
1	9	9%
2	13	13%
3	53	53%
4	21	21%
5	4	4%

Source: Primary data

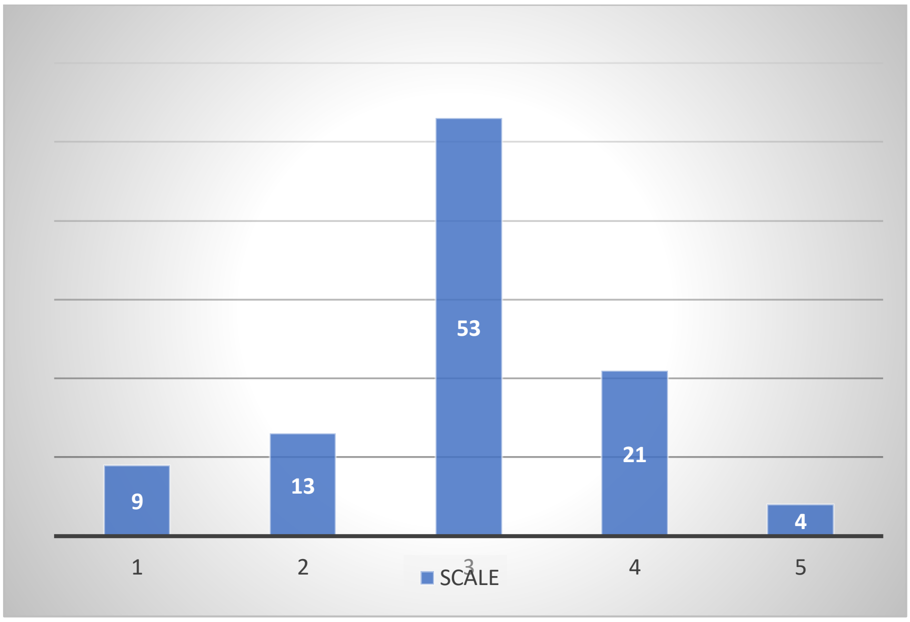

FIG 4.17 CUSTOMER SERVICE EXPERINCED AT NATIONALISED AND PRIVATE BANK

Interpretation

Data from table 4.17 provides insights into respondents' perceptions of customer service experienced at nationalized banks compared to private banks, measured on a scale from 1 to 5. The majority of respondents, rated their experience at nationalized banks as average, indicated by a rating of 3. And, 21% of respondents rated their experience as good (rating of 4), while 13% rated it as below average (rating of 2), and 9% rated it as poor (rating of 1). A smaller percentage of respondents, 4%, rated their experience as excellent (rating of 5).

This means that a larger proportion of respondents were satisfied with the customer service at nationalized banks compared to private banks, although both received mixed reviews with varying levels of satisfaction and dissatisfaction. Further analysis could explore specific aspects of customer service that contribute to these perceptions and how banks can enhance their service delivery to meet customer expectations more effectively

TABLE 4.18 ISSUES WITH CUSTOMER SERVICE REPRESENTATIVE DURING YOUR LOAN APPLICATION OR REPAYMENT PROCESS

SL.NO	YES/NO/MAYBE	NO OF RESPONDENTS	PERCENTAGE
1	Yes	13	13%
2	No	57	57%
3	Sometimes	30	30%
	TOTAL	**100**	**100%**

Source: Primary data

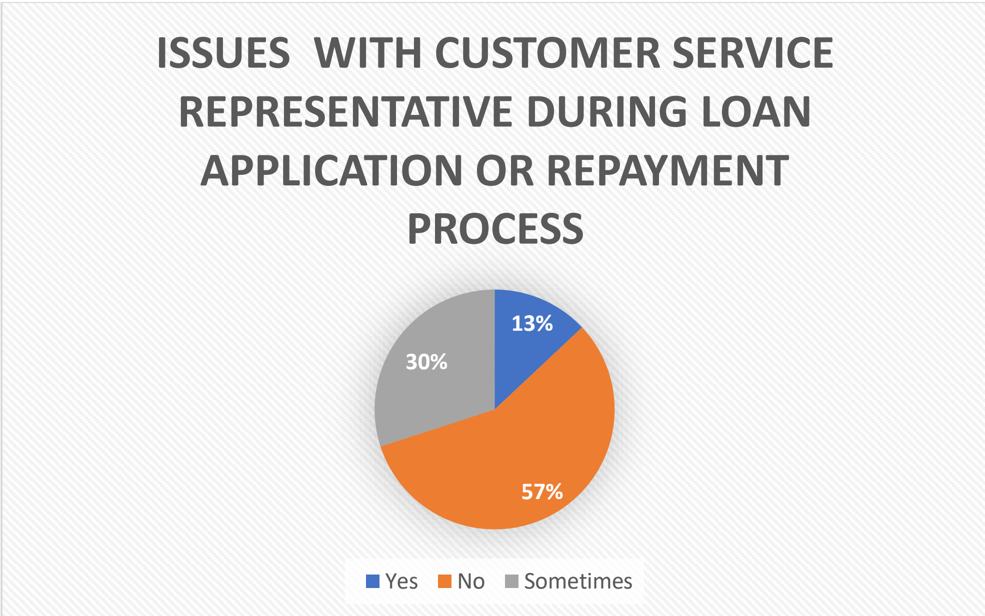

FIG 4.18 ISSUE WITH CUSTOMER SERVICE REPRESENTATIVE DURING LOAN APPLICATION

Interpretation

Table 4.18 reveals that the survey reveals that 13% of respondents encountered issues with customer service representatives during their loan application or repayment process. On the other hand, the majority of respondents, accounting for 57%, reported not encountering any issues with customer service representatives. Additionally, 30% of respondents stated that they encountered issues with customer service representatives sometimes, highlighting a moderate level of variability in their experiences with bank staff.

This suggests that while a majority did not face significant issues, there is a notable portion of individuals who encountered challenges or inconsistencies in their interactions with customer service representatives during the loan process. Identifying and addressing these issues can improve the overall customer experience and satisfaction level.

TABLE 4.19 NATIONALISED BANKS HAVE STRICTER COLLATERAL REQUIREMENTS COMPARED TO PRIVATE BANKS

SL.NO	RATE	NO OF RESPONDENTS	PERCENTAGE
1	STRONGLY AGREE	7	7%
2	AGREE	32	32%
3	NEUTRAL	56	56%
4	DISAGREE	3	3%
5	STRONGLY DISAGREE	2	2%
	TOTAL	**100**	**100%**

Source: Primary data

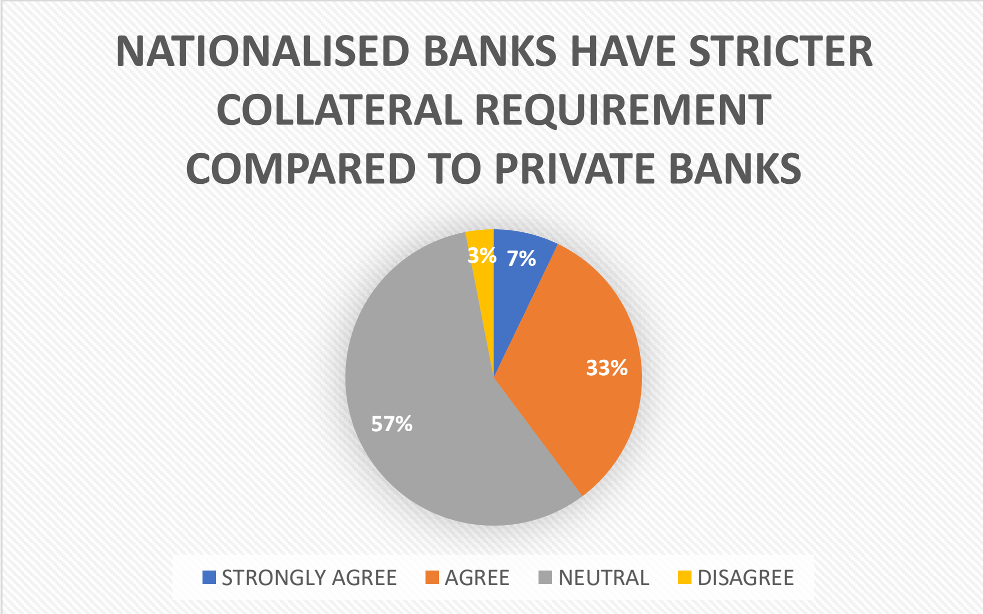

FIG 4.19 BANK WHICH HAVE STRICTER COLLATERAL REQUIREMENT

Interpretation

Data from table 4.19 suggests that a portion of respondents, comprising 7% who strongly agree and 32% who agree, believe that nationalized banks have stricter collateral requirements compared to private banks. The majority of 56%, remain neutral on this issue. A smaller percentage of respondents, 3% who disagree and 2% who strongly disagree, feel that nationalized banks do not have stricter collateral requirements than private banks. This data indicates a mixed perception among respondents regarding the strictness of collateral requirements between nationalized and private banks, with a notable portion acknowledging stricter requirements in nationalized banks.

This reflects varying perceptions among respondents regarding the strictness of collateral requirement between nationalised and private banks, with a notable portion leaning towards nationalised banks being stricter in this regard.

TABLE 4.20 DIFFERENCE IN ELIGIBILITY CRITERIA FOR LOANS BETWEEN NATIONALISED AND PRIVATE BANKS

SL.NO	YES/NO	NO OF RESPONDENTS	PERCENTAGE
1	Yes	58	58%
2	No	42	42%
	TOTAL	**100**	**100%**

Source: Primary data

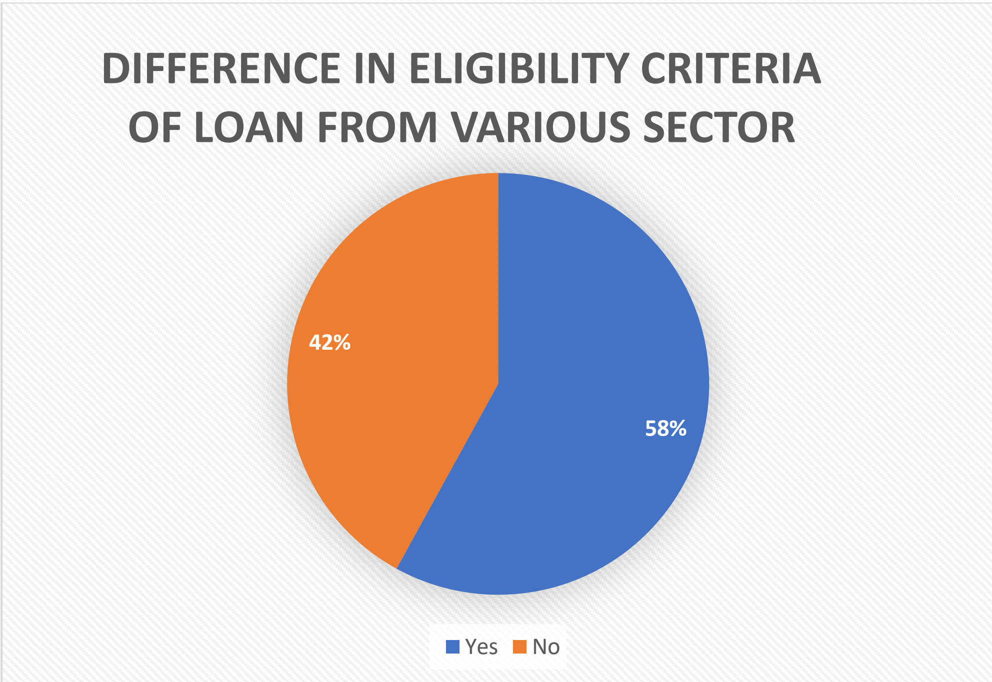

FIG 4.20 ELIGIBILITY CRITERIA OF LOAN IN NATIONALISED AND PRIVATE SECTOR BANKS

Interpretation

Table 4.20 indicates that 58% of respondents perceive a distinction in eligibility criteria for loans between nationalized and private banks. On the other hand, 42% of respondents answered "No," suggesting that they do not have a difference in eligibility criteria between the two types of banks.

This data signifies that a notable proportion of respondents who perceive a distinction in loan eligibility criteria between nationalized and private banks, while a significant minority does not perceive such a difference.

TABLE 4.21 GOVT POLICIES GREATLY INFLUENCE LOAN PRACTICES: NATIONALISED AND PRIVATE BANK

SL.NO	YES/NO/MAYBE	NO OF RESPONDENTS	PERCENTAGE
1	Yes	36	36%
2	No	21	21%
3	Maybe	43	43%
	TOTAL	**100**	**100%**

Source: Primary data

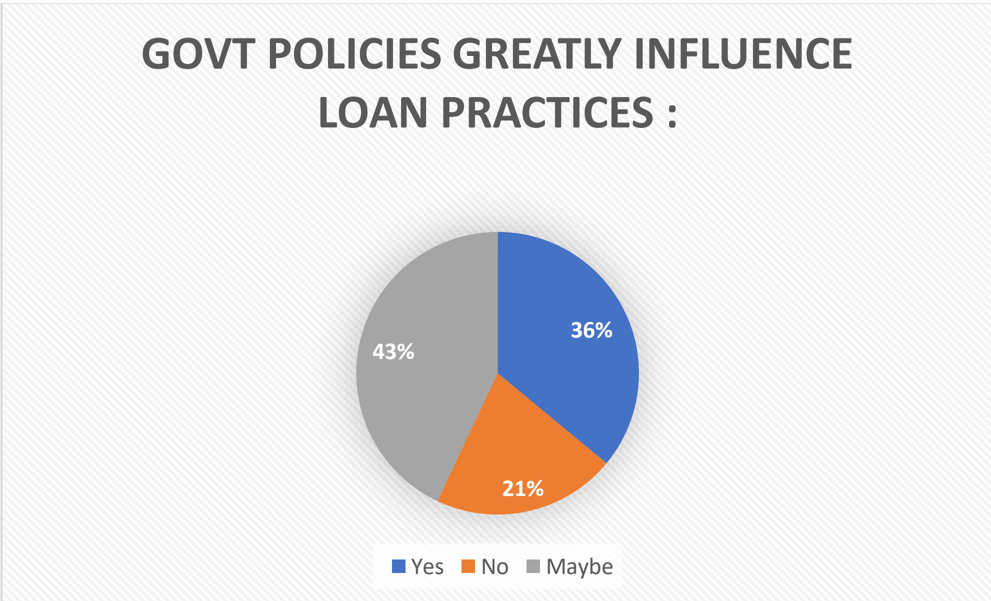

FIG 4.21 GOVT POLICIES GREATLY INFLUENCE LOAN PRACTICES

Interpretation

The data from table 4.21 reveals a significant portion of respondents, constituting 36%, believe that government policies have a significant impact on loan offerings and practices in nationalized banks. An equal percentage of respondents, are uncertain, responding “Maybe,” indicating a lack of clarity on this issue. On the other hand, 21% of respondents answered “No,” suggesting that they do not perceive a significant impact of government policies on loan offerings and practices in nationalized banks compared to private banks.

This reflects a range of perspectives among individuals, with a significant portion expressing uncertainty or neutrality on this issue. Further analysis could delve into specific government policies and their impact on loan practices to gain deeper insights into these perceptions.

TABLE 4.22 DEMOGRAPHIC FACTORS SUCH AS INCOME, LOCATION, OCCUPATION AFFECTED YOUR LOAN CRITERIA

SL.NO	YES/NO/MAYBE	NO OF RESPONDENTS	PERCENTAGE
1	Yes	23	23%
2	No	35	35%
3	Maybe	42	42%
	TOTAL	**100**	**100%**

Source: Primary data

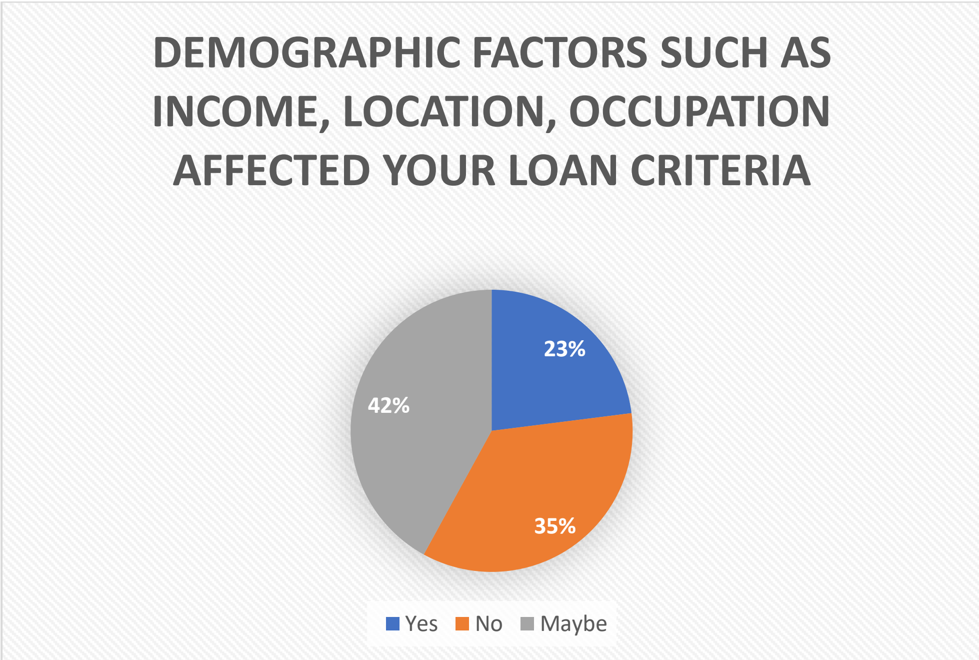

FIG 4.22 HAS DEMOGRAPHIC FACTORS AFFECTED THE LOAN CRITERIA

Interpretation

Table 4.22 indicates various opinions among respondents regarding the impact of demographic factors such as income, location, and occupation on their loan criteria. A significant portion, comprising 23% of respondents, believe that these factors affect their loan criteria. However, an equal percentage of respondents, 42%, are uncertain, responding "Maybe," having a lack of clarity regarding the influence of demographic factors on loan criteria. Moreover, 35% of respondents answered "No," indicating that they do not perceive these demographic factors to have a significant impact on their loan criteria.

This data highlights a mixed perspective on the relationship between demographic factors and loan criteria, indicating a need for further analysis and understanding of these dynamics.

TABLE 4.23 SECTOR OF BANK THAT IS RISKIER

SL.NO	SECTOR	NO OF RESPONDENTS	PERCENTAGE
1	PRIVATE	80	80%
2	PUBLIC	20	20%
	TOTAL	**100**	**100**

Source: Primary data

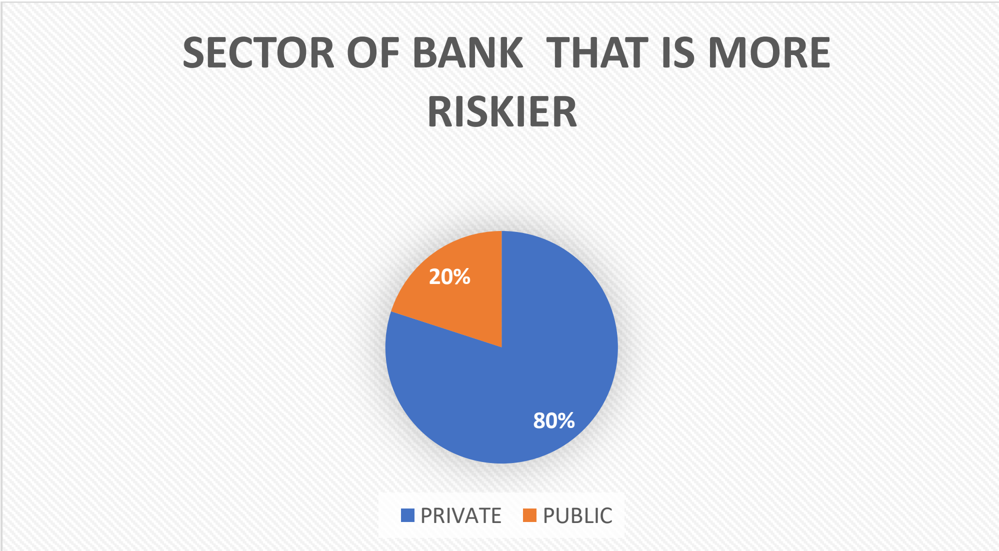

FIG 4.23 SECTOR OF BANK THAT IS RISKIER

Interpretation

The demographic data from table 4.23 reveals a clear perception among respondents regarding which sector of banks they believe is riskier. A majority, comprising 80% of respondents, consider private sector banks to be riskier, while only 20% perceive public sector banks as riskier.

This data indicates a strong consensus among respondents that private sector banks are perceived to carry more risk compared to public sector banks.

TABLE 4.24 SATISFACTION LEVEL ON LOAN EXPERIENCE FROM NATIONALISED AND PRIVATE BANK

SCALE	NO OF RESPONDENTS	PERCENTAGE
1	7	7%
2	2	2%
3	8	8%
4	11	11%
5	27	27%
6	15	15%
7	10	10%
8	13	13%
9	4	4%
10	3	3%

Source: Primary data

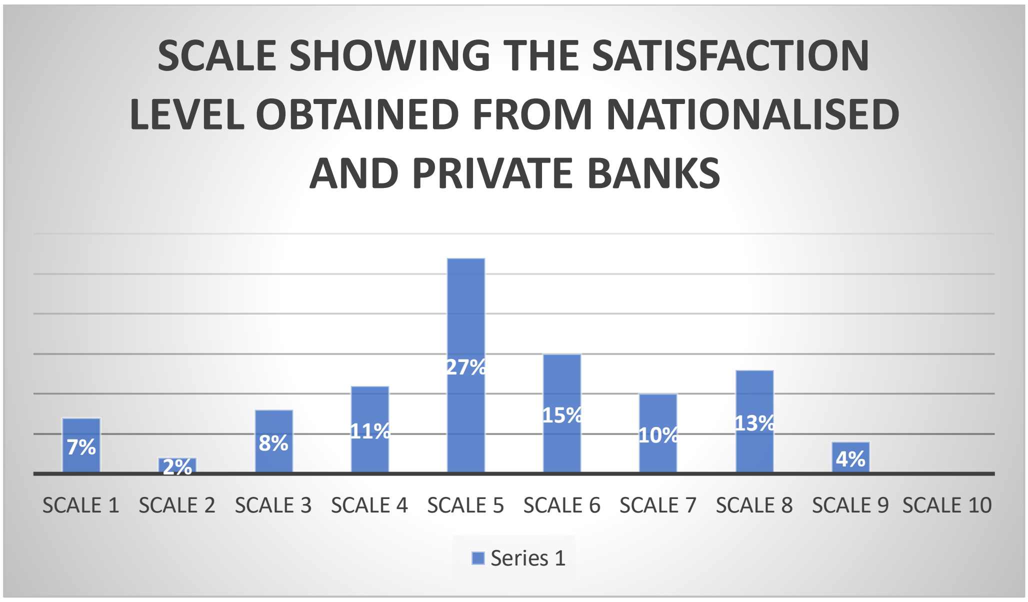

FIG 4.24 SATISFACTION LEVEL OBTAINED FROM NATIONALISED AND PRIVATE BANKS

Interpretation

The table 4.24 presents respondents' satisfaction levels on a scale of 1 to 10 regarding their loan experience with nationalized and private banks. The most common ratings are 5 and 6, each accounting for 27% and 15% of respondents, respectively. Additionally, 13% of respondents rated their satisfaction as 8, while 11% rated it as 4. Ratings of 1, 2, 3, 7, 9, and 10 each have varying percentages from 2% to 10%. Overall, the data reflects a mixed picture of satisfaction levels among respondents, with a notable portion expressing moderate satisfaction levels around the midpoint of the scale (5 and 6).

This suggests a varied satisfaction level among borrowers, highlighting the need for banks to address different aspects of the loan process to improve overall customer experience.

CHAPTER 5

SUMMARY, FINDINGS, RECOMMONDATIONS AND CONCLUSION

5.1 SUMMARY

The study aimed to comprehensively explore various facets of the banking sector through a survey focused on customer preferences, experiences, and perceptions regarding loans, customer service, and bank regulations. The findings revealed a predominant female respondent demographic, with a substantial majority holding Graduate/Diploma qualifications and being employed in the private sector. Regarding loan application and repayment, a noteworthy portion of respondents encountered challenges, with discernible differences observed between experiences in public and private sector banks. Interestingly, loan terms such as repayment periods and penalties were perceived as clearer in nationalized banks by a majority of respondents. Concerning interest rates, private banks were perceived as providers of loans with higher rates, while some respondents reported delays in loan disbursement. Customer service ratings exhibited variability, with a majority rating service at nationalized banks as satisfactory, although issues with representatives were noted by some. Furthermore, a clear perception emerged among respondents that private banks entail greater risk compared to public sector banks. Mixed perceptions were observed regarding the impact of demographic factors on loan criteria. Satisfaction levels concerning loan experiences showed variation, with a significant proportion expressing moderate levels of satisfaction. Overall, the data offers valuable insights into customer perceptions and experiences within the banking sector, highlighting areas for improvement such as transparency in loan terms, quality of customer service, and efficiency in loan processing procedures, which could enhance customer satisfaction and trust in banking institutions.

5.2 FINDINGS

1. Majority of respondents were females.

2. Majority have Graduate/Diploma qualifications.

3. Private jobs dominate employment status.

4. Monthly incomes vary, with a significant portion earning between 30,000 to 50,000 units.

5. Preference for nationalized banks over private banks.

5. Higher loan denial rate in public banks compared to private banks.

6. Majority find loan repayment challenging.

7. Low awareness of banking regulations.

8. Challenges faced in loan applications, more so in public sector.

9. Limited awareness of interest rates.

10. Perception of private banks having higher interest rates.

12. Clarity of loan terms is clearer in nationalized banks.

13. Collateral requirements are perceived to be stricter in nationalized banks.

14. Perception of differences in loan eligibility criteria.

15. Mixed perceptions on the impact of government policies on loans.

16. Uncertainty about demographic factors' influence on loan criteria.

17. Private Banks perceived as riskier than public banks.

18. Satisfaction ratings vary, with a significant portion rating 5 or 6.

19. Loan terms clarity is higher in nationalized banks.

20. Neutral perception towards collateral requirements in private banks.

21. Difference perceived in loan eligibility criteria between banks.

22. Mixed perceptions on the impact of government policies on loan offerings.

23. Uncertainty regarding demographic factors' influence on loan criteria.

5.3 RECOMMENDATIONS

Based on the information obtained from the respondents some of the recommendations are:

1. Enhance Transparency in Loan Terms:

Given the mixed perceptions regarding clarity of loan terms, banks should prioritize enhancing transparency in their loan offerings, ensuring that customers have a clear understanding of repayment periods, penalties, and other terms associated with loans.

2. Improve Customer Service Standards:

Addressing issues reported by some respondents with customer service representatives is crucial. Banks should invest in training programs to improve the quality of customer service and ensure consistent and satisfactory interactions with customers.

3. Streamline Loan Processing Procedures:

To address delays in loan disbursement reported by some respondents, banks should review and streamline their loan processing procedures. Implementing more efficient and timely processes can help enhance customer satisfaction and minimize delays.

4. Educate Customers on Financial Literacy:

Given the uncertainty observed regarding the impact of demographic factors on loan criteria, banks should consider providing educational resources to customers to improve their understanding of how factors such as income, location, and occupation may influence loan eligibility.

5. **Address Perceived Risk in Private Banks:**

Respondents' perception of private banks as riskier highlights the importance of banks in this sector to communicate effectively with customers and implement robust risk management practices to instil confidence and trust.

6. **Continuously Monitor and Improve Services:**

Banks should continuously monitor customer feedback and satisfaction levels to identify areas for improvement. Regular assessments and adjustments to services, policies, and procedures can help banks stay responsive to evolving customer needs and preferences.

Implementing these recommendations can help banks enhance their offerings, improve customer satisfaction, and build stronger relationships with their customers.

7. **Private banks should present their loan terms more in a user-friendly way:**

According to the responses that were recorded majority of the respondents stated that loan terms are clearer in nationalised banks (63%). The respondents were in the view that private sector does not have enough clarity in interest rates.

8. **Minimize the delay in loan disbursement:**

According to the responses that were recorded respondents stated that they faced delay in loan disbursement from both Nationalised and Private Banks. The respondents have stated that they faced delays in loan disbursement more from Nationalised banks due to demographic and other factors.

5.4 CONCLUSION

In conclusion, the study provided a comprehensive examination of various dimensions of the banking sector through an in-depth survey focusing on customer perspectives and experiences in Nationalised and Private sector banks. The findings shed light on the intricate dynamics surrounding loan application and repayment processes, customer service quality, perceptions of risk, and the impact of demographic factors on loan criteria. Notably, the data revealed a nuanced understanding of customer preferences and highlighted areas for improvement, including transparency in loan terms, enhancement of customer service standards, and streamlining of loan processing procedures. By

addressing these aspects, banking institutions can effectively meet customer expectations, foster trust, and bolster overall satisfaction levels. Moving forward, continued efforts to refine banking services in alignment with customer needs will be essential for sustaining competitiveness and enhancing customer trust in the banking sector.

BIBLIOGRAPHY

RESEARCH PAPER

1. C. Lewis and B. Booms, “The Marketing Aspects of Service Quality,”
2. Vijay M Kumbhar , Factor affecting the customer satisfaction in e banking : some evidence from Indian bank
3. Cronin and Taylor ,Measuring Service Quality - A Re-examination And Extension
4. John L Campbell, Why Would Corporations Behave in Socially Responsible Ways? An Institution Theory of Corporate Social Responsibility
5. Rajesh Trivedi and Kumar Swain, A Study of Investor's Perception Towards Mutual Fund Decision: An Indian Perspective
6. Rakhi Trivedi and Richa Agarwal, Multi-echelon Inventory Model for Deteriorating Items with Demand Dependent on Stock
7. Kriti Dutta, Customer expectations and perceptions across the Indian banking industry and the resultant financial implications
8. Selvaraj Narayan, customer service a perspective in Tamil Nadu
9. Amit Shankar, Factors Affecting Mobile Banking Adoption Behaviour in India
10. Sumedha Kalia and Urvashi Karla, Self-Marketing: A Breaking dawn for State Bank of India
11. Ravi and Kundhan, A Study on Customer Preference towards Financial Services of Public and Private Sector Banks - A Comparative Study

ONLINE ARTICLES

1. www.academia.edu ›
2. www.impactjournals.us
3. www.researchgate.net
4. https://en.m.wikipedia.org/wiki/H._R._Giger

5. https://www.researchgate.net/publication/348650901_Ecological_impact_BK_Tiwari
6. https://www.researchgate.net/publication/216513476_FACTORS_AFFECTING_THE_CUSTOMER_SATISFACTION_IN_EBANKING_SOME_EVIDENCES_FORM_INDIAN_BANKS
7. https://www.researchgate.net/publication/237542214_Why_Would_Corporations_Behave_in_Socially_Responsible_Ways_An_Institution_Theory_of_Corporate_Social_Responsibility
8. https://www.researchgate.net/publication/266136161_Customer_expectations_and_perceptions_across_the_Indian_banking_industry_and_the_resultant_financial_implications
9. https://www.researchgate.net/publication/352441791_CUSTOMER_SERVICE_-A_PERSPECTIVE_OF_BANKING_IN_TAMILNADU
10. https://www.researchgate.net/publication/329013824_Self_Marketing_A_Breaking_dawn_for_State_Bank_of_India

QUESTIONNAIRE

COMPARATIVE STUDY OF LOANS OBTAINED BY INDIVIDUALS FROM NATIONALISED AND PRIVATE BANKS

1. AGE GROUP

- o 18 - 24
- o 25 - 35
- o 36 – 50
- o ABOVE 50

2. GENDER

- o MALE
- o FEMALE
- o OTHER

3. QUALIFICATION

- o 10/12TH EQUIVQLENT
- o GRADUATE/ DIPLOMA
- o POST GRADUATE
- o OTHER

4. OCCUPATION

- o GOVT. JOB
- o PVT. JOB
- o STUDENT
- o OTHER

5. **MONTHLY INCOME**
- LESS THAN 10000
- 10000 – 30000
- 30000 – 50000
- 50000 AND ABOVE

6. **DO YOU TYPICALLY APPROACH NATIONALISED OR PRIVATE BANK FOR LOANS**
- NATIONALISED
- PRIVATE
- OTHER

7. **TYPES OF LOANS YOU HAVE TAKEN**
- PERSONAL LOAN
- VEHICLE LOAN
- EDUCATION LOAN
- MORTGAGE LOAN
- HOUSING LOAN
- CREDIT CARD
- OTHER

8. **HAVE YOU FACED ANY DIFFICULTY IN MONTHLY REPAYMENT OF LOAN**
- YES
- NO
- MAYBE

9. **HAVE YOU EVER FACED A SITUATION IN WHICH PUBLIC BANKS HAS DENIED YOUR LOAN FACILITIES AND WAS FORCED TO APPROACH PRIVATE BANKS.**
- YES
- NO

10. HOW WOULD YOU RATE THE EASE OF THE LOAN APPLICATION PROCESS AT NATIONALISED BANKS COMPARED TOMPRIVATE BANKS

- 1 (LEAST)
- 2
- 3
- 4
- 5 (HIGHEST)

11. ARE YOU AWARE OF ANY GOVT REGULATION MEASURE RELATED TO LOANS

- YES
- NO
- SOMEWHAT

12. DID YOU FACE ANY CHALLENGES DURING THE LOAN APPLICATION PROCESS

- YES
- NO

13. IF YES, IN WHICH SECTOR

- NATIONALISED
- PRIVATE

14. HAVE YOU COMPARED INTEREST RATES BETWEEN NATIONALISED AND PRIVATE BANK FOR THE SAME TYPES OF LOAN

- YES
- NO
- NOT AWARE

15. IF YES, WHICH BANK PROVIDE THE LOAN WITH HIGH INTEREST RATES

- NATIONALISED

- PRIVATE

16. ARE THE LOAN TERMS (REPAYMENT PERIOD, PENALTIES) CLEARER IN NATIONALISED OR PRIVATE BANKS

- NATIONALISED
- PRIVATE

17. HOW SATISFIED ARE YOU WITH THE APPROVAL PROCESS AT NATIONALISED BANKS COMPARED TO PRIVATE BANKS.

- 1 (LEAST)
- 2
- 3
- 4
- 5 (MOST SATISFIED)

18. DID YOU FACE ANY DELAYS IN LOAN DISBURSMENT FROM EITHER NATIONALISED OR PRIVATE BANKS.

- YES
- NO

19. RATE THE OVERALL CUSTONMER EXPERIENCE AT NATIONALISED BANKS COMPARED TO PRIVATE BANKS.

- 1 (LEAST)
- 2
- 3
- 4
- 5 (MOST SATISFIED)

20. HAVE YOU ENCOUNTERED ANY ISSUE WITH CUSTOMER SERVICE REPRESENTATIVE DURING YOUR LOAN APPLICATION OR REPAYMENT PROCESS

- YES
- NO
- SOMETIMES

21. DO NATIONALISED BANKS HAVE STRICTER COLLATERAL REQUIREMENTS COMPARED TO PRIVATE BANKS

- STRONGLY AGREE
- AGREE
- NEUTRAL
- DISAGREE
- STRONGLY DISAGREE

22. HAVE YOU FOUND ANY DIFFERENCE IN ELIGIBILITY CRITERIA FOR LOANS BETWEEN NATIONALISED AND PRIVATE BANKS.

- YES
- NO

23. DO YOU BELIEVE THAT GOVT PILICIES HAVE SIGNIFICANT IMPACT ON LOAN OFFERINGS AND PRACTICES IN NATIONALISED BANKS COMPARED TO PRIVATE

- YES
- NO
- MAYBE

24. HAVE YOUR DEMOGRAPHIC FACTORS SUCH AS INCOME, OCCUPATION, LOCATION EFFECTED YOUR LOAN CRITERIA

- YES
- NO
- SOMETIMES

25. WHICH SECTOR OF BANK DO YOU THINK IS RISKIER.

- NATIONALISED
- PRIVATE

26. ON THE SCALE OF 1 TO 10 HOW SATISFIED ARE YOY WITH YOUR LOAN EXPERIENCE FROM NATIONALISED AND PRIVATE BANK

- 1 (LEAST)

- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10 (MOST SATISFIED)