



A STUDY ON COMPARISON BETWEEN CO-OPERATIVE SOCIETY AND PRIVATE SECTOR BANKS

AUTHOR: DR.S. SHANMUGAPRIYA

ASSISTANT PROFESSOR

DEPARTMENT OF B.COM CA

SRI KRISHNA ADITHYA COLLEGE OF ARTS AND SCIENCE

AUTHOR: MANJU PRIYA N, SABARISH S

III B.COM CA-A

SRI KRISHNA ADITHYA COLLEGE OF ARTS AND SCIENCE

ABSTRACT

Banking business has done many wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow. In the absence of banking business, savings would sit idle in our homes, the entrepreneurs would not be in a position to raise the money, ordinary people dreaming for a new car or house would not be able to purchase cars or houses. The government of India started the cooperative movement of India in 1904. Then the government therefore decided to develop the cooperatives as the institutional agency to tackle the problem of usury and rural indebtedness, which has become a curse for population. The study of the bank's performance along with the lending practices provided to the customers is herewith undertaken. The customer has taken more than one type of loan from the banks.

Moreover, they suggested that the bank should adopt the latest technology of the banking like ATMs, internet / online banking, credit cards etc. so as to bring the bank at par with the private sector banks. Our study was aimed at comparing co-operative society and private sector on the criteria of public perception, basic amenities customer services and their bench strength. We have done a field study taking a sample size of 120 respondents.

INTRODUCTION

The business of banking is as old as the civilization itself. As early as 2,000 B.C., the Babylonians used their temples for lending at higher rates of interest against gold and silver which had been left with them for safe custody. In ancient times, the main functions of the banks related to granting of loans to individuals or the state in times of crisis. The passing of joint stock company act greatly helped in establishment of many commercial banks. Later on in 1921, the Imperial Bank of India and in 1935 RBI was also established. Banking business has since evolved many folds to recent technosavvy form. Banks these days provide a variety of services ranging from opening a savings account to internet banking, granting loans to selling insurance, providing locker facilities to transferring money abroad. Their customers come from all classes of society from a salaried group to a Multi-National Corporation having its business activities all around the world. The banks have to satisfy all the customers belonging to different social groups. The banking has therefore become more complex and requires specialized skills. People working in banks act as a bridge between the bank and the customer. They are the people who face customers directly and are the first ones to know what customer actually needs. As a service provider their role becomes very important in shaping bank's perception in customer's mind. As services can make or break a customer, much emphasis is laid upon service delivery by most of the banks. The link between service quality and customer satisfaction has been subjected to intense scrutiny by a few service quality researchers (Bolton and Drew, 1994; Bitner and Hubbert, 1994). As survival of the fittest has become the order of today, every bank is trying to woo the best customer who is common for all. Retaining the existing customers and attracting new ones has become all the more difficult especially for public sector banks (Bhatt, 1990).

The Indian banking system consists of 12 public sector banks, 21 private sector banks, 49 foreign banks, 56 regional rural banks, 1,562 urban cooperative banks and 94,384 rural cooperative banks, in addition to cooperative credit institutions. India's retail credit market is the fourth largest in emerging countries. It stood at US\$ 281 billion on 2018.

CO-OPERATIVE SOCIETY

A Cooperative Society isn't a brand- new concept. It prevails in all of the nations, that is almost a well-known idea. The Cooperative Society is active in all international locations and is represented in all the sectors such as agriculture, meals, finance, healthcare, etc. To protect the interests of weaker sections, a Cooperative Society is formed. It is a voluntary association of people, whose motive is the welfare of the contributors. Cooperative Society' is intended to help each other.

As per the annual report released by the Reserve Bank of India in March 2019. The total number of Cooperative Banks in India, they can be divided into two types, which can further be subdivided:

- Urban Co-operative Banks
 - Non-Scheduled UCBs
 - Scheduled UCBs
- Rural Co-operative Banks
 - State Cooperative Banks
 - District Central Cooperative Banks
 - Primary Agricultural Credit Societies

PRIVATE SECTOR BANKS

Private Sector Banks are those banks in which the majority of the stake is held by shareholders of the bank and not by the government. RBL bank, HDFC Bank, ICICI Bank, Yes Bank, etc. are the private sector banks in India. They provide all the banking products and services to the customers. These products include Fixed Deposit, Savings Deposit, RD, Home Loan, Personal Loan, Car Loan, Locker, Debit/ Credit Card, ATM, Foreign Exchange Transactions, Insurance, Wealth Management, Net Banking, etc. Private banks are known for introducing information technology in the banking system.

Private banks are managed and controlled by private promoters. There are 2 different categories in which these private banks have been divided:

1. Pre-liberalization
2. Post-liberalization

SCOPE OF STUDY

- Every service business needs to productively define and measure customer Satisfaction, waiting for customers to complain in order to identify problems in the service delivery.
- System of gauging the firm's progress in customer satisfaction based on the number of complaints received is naive. For this reason, this project works significant impact on Banking Sector.
- Customer satisfaction is one of the important factors to continue the banking activities. The purpose of this study is to analyze the satisfaction level of customers towards the service providing by co-operative banks and private banks.
- The research covers the customer opinion on banking services which will be helpful for further development and growth of banking.

STATEMENT OF PROBLEM:

- Today's consumer is smarter, savvier, and more informed than ever before and expects a high degree of personalization and convenience out of their banking experience.
- Facing tough competition from new competitors like Airtel payment banks which provide higher rate of interest up to 7.25 percent on savings bank account. Competition from micro finance companies like AU financiers.
- Even in 21st century when world is moving towards cashless transaction you will find crowd in bank for cash transaction.
- In the current banking landscape, security is a major problem that the industry faces. One of the risks is cybersecurity. These security breaches then lead to frauds and other such malpractices.
- The number of cases of bank frauds are rising every year. Whenever we use the internet, we risk experiencing technology and service interruptions.

OBJECTIVE OF THE STUDY:

- To find the banking sector largely preferred by customers.
- To find out the factors that influence the customers to choose a bank.
- To study the problems faced by the customers in private, public as well as co-operative banks and also to compare between them.

LIMITATIONS OF THE STUDY:

- Considering the short time duration for the survey, the sample had to be restricted to 120 respondents only.
- Respondents were reluctant to disclose complete and correct information.
- The data has been collected from a sample of customers from Coimbatore city, which may not reflect the opinion of the entire population.
- Getting response from busy customers was little difficult as most of them denied sharing their information.
- Sample size of the study was too small.

RESEARCH METHODOLOGY:

There are various statistical tools which are used in analyzing data. The following tools are used for representing and analyzing data. The method used was questionnaire.

Data representation:

- Table
- Charts
- Percentage

Sampling size and unit:

The Study population includes the customers of bank and Sampling Unit for Study was Individual Customer. Sample size is 120 respondents.

Data collection:

- Primary data
- Secondary data

SIMPLE PERCENTAGE

S. NO	GENDER	%	S. NO	MARITAL STATUS	%
1	Male	47.5	1	Married	32.5
2	Female	52.5	2	Unmarried	67.5
Total		100	Total		100
S. NO	AGE GROUP	%	S. NO	OCCUPATION	%
1	<20	32.5	1	Student	57.5
2	21-30	50	2	Job	19.17
3	31-40	11.67	3	Business	15
4	>40	5.83	4	Professionals	8.33
Total		100	Total		100
S. NO	IN WHICH BANK YOU HAVE ACCOUNT?	%	S. NO	TYPE OF ACCOUNT YOU HAVE	%
1	Co-operative	26.7	1	Savings account	68.3
2	Public	50.8	2	Current account	15
3	Private	17.5	3	Fixed deposit	9.2
4	All the above	5	4	Joint account	7.5
Total		100	Total		100
S. NO	SATISFICATION OF SERVICES PROVIDED BY PRIVATE BANK?	%	S. NO	DO YOU HAVE BANK ACCOUNT	%
1	Yes		1	Yes	97.5
2	No		2	No	2.5
Total		100	Total		100
S. NO	CO-OPERATIVE SOCIETY - ALTERNATIVE TO VILLAGE MONEY LENDER?	%	S. NO	GREATED/ACKNOWLEDGED WHEN YOU ENTER YOUR BANK?	%
1	Strongly agree	35.83	1	Always	45
2	Agree	44.17	2	Often	35.83
3	Neutral	18.33	3	Seldom	11.67
4	Disagree	0.83	4	Never	7.5
5	Strongly disagree	0.83	Total		100
Total		100			

S. NO	HOW LONG YOU ARE PART OF YOUR BANK?	%	S. NO	IS YOUR BANK TELLER FRIENDLY AND COURTEOUS?	%
1	Less than 6 months	15.83	1	Always	45
2	Less than 1 year	25	2	Often	39.17
3	Less than 2 years	14.17	3	Seldom	13.33
4	More than 2 years	45	4	Never	2.5
Total		100	Total		100
S. NO	ARE YOU USING ONLINE BANKING?	%	S. NO	TRANSACTION PROCESSING SYSTEM?	%
1	Yes	93.33	1	Yes	97.5
2	No	6.67	2	No	2.5
Total		100	Total		100

S. NO	CO-OPERATIVE SOCIETIES BENEFITS TO CUSTOMERS THAN PRIVATE BANK	%	S. NO	BANK OFFERS COMPETITIVE INTEREST RATE IN YOUR INVESTMENT?	%
1	Yes	85	1	Yes	89.17
2	No	15	2	No	10.83
Total		100	Total		100
S. NO	SERVICE EFFICIENCY AFTER BANK COMPUTERIZATION	%	S. NO	RANK OF SERVICES PROVIDED BY YOUR BANK	%
1	Positive	69.17	1	Personalised services	29.17
2	Negative	18.33	2	Customer services	40
3	Neutral	12.5	3	Computerised banking	25.83
Total		100	4	Problem solving	5
			Total		100
S. NO	CO-OPERATIVE SOCIETY?	%	S. NO	CO-OPERATIVE SOCIETY IS ACTIVE AND MORE REPRESENTED IN	%
1	Service motive	50	1	Agriculture	40.83
2	Limited liability	20	2	Rural areas	21.67
3	Capital raising	10	3	Both a & b	34.17
4	All the above	20	4	Finance	3.33
Total		100	Total		100
S. NO	WHICH PRIVATE BANK YOU HAVE ACCOUNT?	%			
1	HDFC	23.3			
2	ICICI	21.7			
3	Karur vysya bank	20			
4	City union bank	18.3			
5	Tamilnadu mercantile bank	8.3			
6	Kotak mahindra bank	4.2			
7	IDBI	4.2			
Total		100			

RANK ANALYSIS:

S. NO	SERVICE YOU GET FROM YOUR BANK?	RANK	S. NO	REASONS THAT ATTRACT YOU TO BECOME A CUSTOMER OF YOUR BANK?	RANK
1	Online/mobile banking	1	1	It's brand	2
2	Credit card	2	2	It's service provided	1
3	ATM	3	3	Product offers	4
			4	All the above	3
S. NO	FACILITIES GIVEN MORE IMPORTANT IN YOUR BANK	RANK	S. NO	REASON TO JOIN CO-OPERATIVE SOCIETY ACCORDING TO YOU	RANK
1	Loan facilities	2	1	Non-profit organization	1
2	ATM facilities	1	2	Co-operation not competition	3
3	Mobile banking	3	3	Trust	2
4	Credit card	4	4	Lack of market and community support	4

FINDINGS

- While conducting the survey, most of 97.50% of respondents have bank account.
- The majority 50.80% respondents have account in private banks, out of that 23.30% respondents have account in HDFC bank.
- The majority 68.30% of respondents have savings account.
- The most of respondents (85.00%) feels that the co-operative society offers more benefits to customers than private banks.
- The majority 92.50% of respondents will recommend their banks to friends, relatives and associates.
- The most of respondents opted highest rank on online/mobile banking services provided by their bank.
- The majority 89.17% of respondents stated that their banks offer competitive interest rate in their investment.
- The majority 95.83% of respondents trust their bank.

SUGGESTIONS

- After the finding and the research, it is recommended that co-operative societies should undertake some online methods of transactions and it should provide its customers with internet banking facilities.
- It is recommended that private sector banks should be in well touch with its customers.
- The banks should be sensitive to customer perception. The expectation of customer should be understood and powerful strategies must be implemented by the banks.
- It is recommended that the value of services provided should be evaluated in terms of quality and quantity. To be successful a bank needs to be not just high tech but also high touch as well.
- It is recommended that the bank should be with up-to-date technologically are important factors. Modern equipment's, new improved technology should be replaced with the old ones.
- The staff should be pleasant and well-informed, in an aesthetically pleasing environment, then customer satisfaction will be high.

CONCLUSION

Reliability is an obvious place to start. Customers of the bank want to know their resources are safe and within trustworthy institutions. For the savings and other economic aspects banks are the most reliable option for us where we can save, invest or borrow money by a given terms and conditions. That's why we can easily say that money and banking are the most important segment in the economic circumstances. A way to ensure this peace of mind would be to take steps to ensure bank employees are well trained, so each bank associate is able to offer complete and comprehensive information at all times. Consistent policies combined with a knowledgeable staff will foster a high degree of institutional cohesion and reliability.

“IF BANKS CANNOT TRULY BE CUSTOMER INTIMATE, THEY ARE DOOMED TO BE JUST DUMB COMMODITIES, ACTING BEHIND THE SCENES, LIKE UTILITIES,”

-N.P. NICOLS

REFERENCE BOOK

- Evolution of banking system in India since 1900 (O P Chawla)
- Banking awareness (N K Gupta)
- Banking an introduction (Indian institute of banking and finance)

REFERENCE WEBSITE

- Google scholar
- Biju's
- Vedantu