



# **Name of topic: “Salaried Women’s Perception towards Bank Fixed Deposits: A Study with Reference to Ulhasnagar City, Thane District”**

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## **ABSTRACT**

The financial sector has been described as a foundation for the society’s infrastructure and for stimulating the growth of the economy and provides services that are vital for both companies and households. The vital role of financial sector is to act as intermediary for payments, reallocate consumption and funds effectively over time and to handle all risks. Main actors in the financial sector includes Banks, Credit companies, trust companies, and insurance companies and securities companies. ‘Risk and returns’ are factors for investment avenue. For share market and mutual funds, return is more but risk is also high. At the same time, bank deposits give medium return with very low risk. It is very safe method of investing.

## **Objectives of study**

1. To understand the salaried women’s opinion about Bank Fixed Deposits.
2. To study the factors considered by the salaried women before investing in Bank Fixed Deposits.
3. To study about information taken by salaried women before investing in Bank Fixed Deposits.
4. To analyze the risk felt by salaried women in Bank Fixed Deposits.
5. To study about the duration of holding investment in Bank Fixed Deposits.

Women are disproportionately employed in the service sector and under-represented in industry and agriculture. Women are well represented in a sector that is displacing the economic significance of traditional industries. Thus, women’s contribution to the economic future of the United States (and the world) has been come even more critical in the future. As Salaried women’s earning power increases, their responsibility to make critical financial decisions for themselves and their household also increases. These decisions are influenced by the unique financial challenges that they face. The studies conducted in the field of investment behaviour are required to be updated frequently. In India, studies on investment pattern and preference of salaried women have received little attention in the studies conducted so far.

Factors influencing investor's behaviour on Bank Fixed Deposits are:

Interest rate, Location, reputation/Image, Service Quality, Bank Performance, Profitability and Liquidity, Age, Income levels etc.

**Key words:** Bank Deposits, Salaried women

## **INTRODUCTION:**

The Indian banking industry is an important tool to facilitate the speed of development of the Indian economy. For any investment there are two important factors, "risk and returns", for share market and mutual funds, return is more but risk is also high. At the same time bank deposits give medium return with very low risk. It is very safe method of investing if you are very much cautious about risk factors. The bank deposits are the less risky, fixed return and most safety investment avenue for the salaried women.

Deposits:

The largest source of funds is deposits; money that account holders to the bank for safe-keeping and to use in future transactions, as well as modest amount of interest. While people will typically maintain accounts for years at a time with a particular bank, the customer have the right to withdraw/ to take out the full amount at any time.

Deposit is a current liability of a bank in the form of current accounts, saving deposits, fixed deposits etc. Traditionally the most favoured investment avenue in India, bank deposits continue to hold for even today. Bank deposits do not have excitement surrounding other investment avenues like equity shares or real estate investments. But bank deposits serve the purpose of preserving capital, which is most wanted at certain times. In India, public and private banks are offering various deposit modes to motivate the salaried women to invest in bank deposits. The present research paper focuses attention to a number of factors that highlights salaried women's perception about bank fixed deposits. These are:

- Form of investment preferred by salaried women.
- Preference of salaried women about different investment avenues.
- Mode of investment preferred by salaried women.
- Knowledge of risk in investment and risk analysis.
- Preference over nature of deposits made.
- Preference upon time of holding of deposits and preferred information mode.
- Investment in bank deposits.

## **BANK FIXED DEPOSITS**

A Fixed Deposit (FD) is a financial instrument issued by banks which provides salaried women with a higher rate of interest than a regular savings account, until the given maturity date. It associates with saving account of FD holder. Fixed Deposit is also known as Term Deposit.

When it comes to savings, most conservative salaried women instantly think of Bank Fixed Deposits (FDs). Traditionally, Bank FDs have been the most preferred mode of investing one's hard-earned money. Statistics from RBI website shows that Term Deposits with Scheduled Commercial Banks increased three times in the

last six years. Perhaps features like a predetermined fixed rate of interest, convenience, safety of investment etc.

### **Some reasons for high preference of Bank Fixed Deposits over other avenues of investment:**

- Fixed rate of return with the benefit of compounding interest.
- Safety of money invested-Government guarantee up to Rs. 1.5 lakh.
- Flexibility in tenures, ranging from 7 days to 10 years.
- Can be used to avail loans.
- Convenience of opening a Bank Fixed Deposit with same saving account.
- Tax benefits for FDs having lock-in period of 5 years.
- Higher interest rate available to senior citizens.
- Availability for premature withdrawal in case of emergency requirement of funds.

As women's earning power increases, their responsibility to make critical financial decisions for themselves and their household also increases. These decisions are influenced by unique financial challenges that they face.

### **REVIEW OF LITERATURE:**

**Rajarajan (2000)** has revealed that there is an association between the lifestyle clusters and investment related characteristics.

**Gaurav Kabra, Prashant Kumar Mishra and Manoj Kumar Dash (2010)** aimed to know the key factors that influences investment behaviour and ways these factors impact investment risk tolerance and decision-making process among men and women and among different age groups. The study included Regression method and concluded that salaried women' age and gender predominantly decide the risk-taking capacity of salaried women.

**Bhuvan Lamba and Saloni Raheja (2014)** stated that risk and return are two sides of investment coin when the risk is high, the return will also be high and the different salaried women take different type of risk. They focused on the relation between the risk and the demographic profile of the salaried women while making an investment. From the study, the researchers found that there is a direct relation between the demographic factors of salaried women and risk tolerance.

**Philip Gerrard and J. Barton Cunningham (2004)** developed a model to identify the types of incidents which cause consumers to switch between banks. The conclusion was that bank switching is strongly influenced by three types of incidents: service failures, pricing and inconvenience, with pricing being more influential. Seventy-five percent of bank switching is caused by more than one incident, and about 7% of salaried women said that they had spoken to bank staff in the period before exiting.

**Claire Matthews and David Murray (2006)** stated that there was a relatively low rate of customers switching banks due to the cost associated. The result concluded that there was no real demand from customers for the type of service offered, and that the time and effort involved on the part of the financial institution were greater than expected, making it undesirable to continue.

**Michael D. Clemes, Christopher Gan, Li Yan Zheng (2007)** examined the factors that contributed to bank switching in New Zealand from the customers' perspective, the data was analyzed using Logistic regression. The results concluded that customer commitment, service quality, reputation, customer satisfaction, young-age, and low educational level are the most likely factors that contribute to customers' switching banks.

**Kabiru Maitama Kura, et al. (2012)** described that there is a significant positive relationship between: assurance and word of mouth communication; empathy and word of mouth communication utilized a Structural Equation Modeling (SEM). The study also found a significant negative relationship between word-of-mouth communication and customer switching.

### **NEED OF THE STUDY:**

Investor's behaviour has been an area of interest for portfolio managers, salaried women as well as academic researchers. History reveals that investment behaviour has been the reason behind bull and bear market. Very few researchers have tried to find the presence of Behaviour in Fixed Deposits in Indian market. Therefore, the present study focuses on examining the investor's behaviour in context to Indian market.

This study will be helpful for servicing sector specifically Banking Organizations. The banks would be able to determine the factors which influence the Fixed Deposit salaried women to switch and the banks would be able to turn down this behaviour of salaried women. The study has been carried in Ulhasnagar city only. It has covered 100 salaried women. The period of study is two months. The study has covered the Fixed Deposit Holders of the Public Sector Banks only.

### **OBJECTIVES OF STUDY:**

1. To understand the salaried women's opinion about Bank Fixed Deposits.
2. To study the factors considered by the salaried women before investing in Bank Fixed Deposits.
3. To study about information taken by salaried women before investing in Bank Fixed Deposits.
4. To analyze the risk felt by salaried women in Bank Fixed Deposits.
5. To study about the duration of holding investment in Bank Fixed Deposits.

### **HYPOTHESIS:**

1. H1: Most of the salaried women have sufficient knowledge about investing in Bank fixed deposits.
2. H2: Most of the salaried women invest in Bank Fixed Deposit for safety and security purpose.

### **RESEARCH METHODOLOGY:**

To achieve the objectives of the research study, Quantitative and Analytical Research Method has been used. For the proposed study, data has been collected from Primary and Secondary sources.

#### **a. Primary Data:**

Primary data has been collected by administering Structured Questionnaire; Open-ended and close-ended Questionnaire; Observation method and informal interview method has been followed to elicit information from 100 salaried women selected from Ulhasnagar city, Thane District by using Simple Random sampling method.

### b. Secondary Data:

Simultaneously, secondary data has been gathered from books, research journals, magazines, newspapers, dissertations, PhD thesis, reports and different internet websites etc. to understand the theoretical understanding of the concepts.

## ANALYSIS AND INTERPRETATION OF DATA:

**Table 1: Mode of investment preferred by salaried women**

Mode of investment	Frequency	Percent	Cumulative frequency
Lump sum investment	58	58	58
Systematic investment plan	39	39	97
Systematic transfer plan	3	3	100.00
Total	100	100.00	

For locating the most preferable mode of investment among lump sum, SIP and STP, frequency was taken. From the frequency table, it is clear that 58% salaried women selected lump sum mode and only 3% of salaried women preferred the systematic transfer plan and 39% chose the systematic investment plan.

**Table 2: Knowledge of risk factor in bank deposits investments**

	Frequency	Percent	Cumulative frequency
Yes	73	73	73
No	27	27	100.00
Total	100	100.00	

To study this factor, study was carried out to know whether the women thought that bank deposit investments are safe and less risky mode of investment compare to other available investment avenues. Table 2 describes the question posed to the women that whether they were aware of the risk factors associated with investments in bank deposits. It can be seen from the table 2 that 73% of the women knew about the risk factors associated with investments in bank deposits. It depicts that the women are risk aware.

**Table 3: Risk analysis of bank deposit investments by salaried women**

	Frequency	Percent	Cumulative frequency
Yes	69	69	69
No	31	31	100.00
Total	100	100.00	

It can be seen from the table 3 that nearly, 69% of the women analyzed the risk associated with their bank deposit investments. It means that most of the women knew about the risks associated with their investments; but did not have sufficient knowledge to analyze the risks associated with their bank deposit investments.

**Table 4: Bank deposits: safe mode to invest than other investment avenues**

	Frequency	Percent	Cumulative frequency
Yes	97	97	97
No	3	3	100.00
Total	100	100.00	

The next question that was thrown at the women was whether bank deposits are a safe mode to invest than other investment avenues. Out of 100 women, 97 confirmed it to be a safe mode of investment. Frequency tally was used to show the results and the same are presented in table 4. The table 4 shows that a huge number of salaried women thought that bank deposits are a safe medium to invest than other investment avenues.

**Table 5: Bank deposits: Fixed return on investment**

	Frequency	Percent	Cumulative frequency
Yes	83	83	83
No	17	17	100.00
Total	100	100.00	

Next, women were asked whether they thought that bank deposits were a fixed return on investment. In return, 83 women (83%) answered in the affirmative, while 17 women (17%) answered not perfectly. The results are presented in the table 5.

**Table 6: Reasons for switching deposit options**

	Frequency	Percent	Cumulative frequency
Safety	72	72	72
Return	28	28	100.00
Total	100	100.00	

To know the reasons which governed the switching mood of the salaried women from bank deposit forms, the salaried women were asked about the factors that made them switch over from one deposit to another, was it for a) safety and b) return.

The results are shown with tables. This table reveals that 72% of the salaried women switched from a deposit with a view of safety compare to other investment avenues and remaining 28% salaried women switched for fixed return of their money invested.

**Table 7: Investments on bank deposits in nationalized banks or other banks**

	Frequency	Percent	Cumulative frequency
Nationalized banks	88	88	88
Other banks	12	12	100.00
Total	100	100.00	

Another question that was asked to the salaried women was that whether they are ready to invest their money on bank deposits in nationalized banks or other banks. The following table 7 reveals that 88% of the salaried women opted nationalized banks and only 12% of the salaried women opted other banks for their investment.

**Table 8: Preference for different types of bank deposits**

	Frequency	Percent	Cumulative frequency
Fixed deposits	55	55	55
Savings account	28	28	83
Recurring account	17	17	100.00
Total	100	100.00	

Table 8 shows that 55% women prefer fixed deposits, 28% women prefer to invest in saving account and only 17% women want to invest in Recurring account.

**Table 9: Preference for mode of information:**

	Frequency	Percent	Cumulative frequency
Friends/Relatives	19	19	19
TV/Radio	8	8	27
Mail/Internet	17	17	44
Newspaper/Magazines	11	11	55
Banks Advertisement	39	39	94
Self- Decision	6	6	100.00
Total	100	100.00	

Table 9 depicts mode of information which shows that majority i.e. 39% women got information from Banks Advertisement, whereas only 8% women got information from watching TV or listening Radio.

**Table 10: Time period of holding investments:**

	Frequency	Percent	Cumulative frequency
Less than 1 year	14	14	14
1-2 years	55	55	69
2-5 years	19	19	88
5-8 years	8	8	96
8-10 years	4	4	100.00
Total	100	100.00	

This table reveals that 55% women held their money for 1-2 years and 19% women held their money for 2-5 years and only 4% women held their money for longer period i.e. 8-10 years.

**MAJOR FINDINGS OF THE STUDY:**

As it is known that perception plays an important role in deposit investments. So, the present study emphasized on the perception of salaried women on bank deposits through various aspects, and the major findings of the study are:

1. **Form of investment preferred by the salaried women:** On analyzing the ranking given by the salaried women for popular investment avenues, it was revealed that investing in gold was the most preferred investment option. Then 2<sup>nd</sup> rank on bank deposits and fixed deposits, it reflected that salaried women prefer safety, low risk and fixed return on their money invested.
2. **Preference of salaried women for different investment avenues:** Amongst all popular investment avenues, bank deposits got a good score in all parameters like safety, liquidity, reliability and less score in parameters like tax deposits and high returns.
3. **Mode of investment preferred:** It was found that a large number of salaried women preferred the lump sum mode of investment on bank deposits and the second preference was given to systematic investment plan mode of investment.
4. **Knowledge of risks associated with investments and risk analysis:** A large number of salaried women had the knowledge of risk in investments. The salaried women are aware of risk factor in investment avenues.
5. **Preference for switching bank deposit modes:** A large number of salaried women switched from a deposit with a view of safety compare to other investment avenues. Most salaried women opted nationalized bank deposits compare to other banks.
6. **Preference for different types of bank deposits:** The present study revealed that most of the salaried women preferred to invest in fixed deposits.
7. **Preference for mode of information and time of bank deposit investments:** The test revealed that 55% women hold bank deposits in 1-2 years, 19% women hold their deposits for 2-5 years, 14% women hold their money for less than one year. This shows that women prefer only for short time of investments not for long time of investment.

**SCOPE, UNIVERSE AND PERIOD OF STUDY;**

The study is confined to salaried women residing in Ulhasnagar city, Thane District. It has been conducted with the help of a well-structured questionnaire consisting of relevant questions. Informal interview has also been taken from salaried women in Ulhasnagar city, Thane District. The focus of the study has been on understanding the perception of salaried women regarding to one of the investment avenues i.e. Bank Fixed Deposits. The income and age groups have also been considered for the study. Convenience and Random sampling method has been used to select the samples. In India, studies on investment in Bank Fixed Deposits by salaried women have received little attention in the studies conducted so far.

This research study has been helpful for the salaried women to choose proper investment avenue and to create profitable investment portfolio.



**LIMITATIONS OF THE STUDY:**

The study has certain limitations:

1. The study is limited to Ulhasnagar city, Thane District.
2. The study is only a sample survey, any generalization may not be reliable, and
3. As the study is opinion-based, there may be chances of biased opinion.

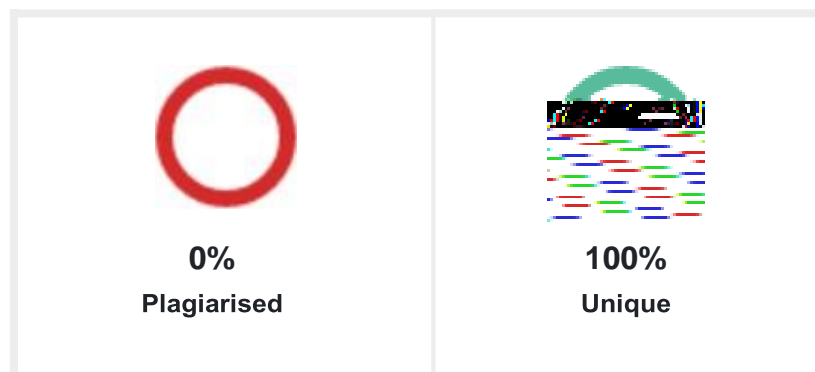
The concept of Investment is like an ocean. So, a detailed study of each and every avenue of Investment is not possible because of the limited time constraint. Due to paucity of time, the outcome of the research is restricted to 100 salaried women only and study is undertaken in Ulhasnagar city, Thane District, thus the generalization of result may require further validation. Also, there is an observable tendency amongst the salaried women to withhold important information about their investment. This may have certain effects on the analysis and the results. The outcomes of the study may have been affected due to limited willingness of the salaried women to share their financial information. The research may be extended to cover salaried women across different states of India.

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## REPORT

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ABSTRACT The financial sector has been described as a foundation for the society's infrastructure and for stimulating the growth of the economy and provides services that are vital for both companies and households. The vital role of financial sector is to act as intermediary for payments, reallocate consumption and funds effectively over time and to handle all risks. Main actors in the financial sector includes Banks, Credit companies, trust companies, and insurance companies and securities companies. 'Risk and returns' are factors for investment avenue. For share market and mutual funds, return is more but risk is also high. At the same time, bank deposits give medium return with very low risk. It is very safe method of investing. Objectives of study 1. To understand the salaried women's opinion about Bank Fixed Deposits. 2. To study the factors considered by the salaried women before investing in Bank Fixed Deposits. 3. To study about information taken by salaried women before investing in Bank Fixed Deposits. 4. To analyze the risk felt by salaried women in Bank Fixed Deposits. 5. To study about the duration of holding investment in Bank Fixed Deposits. Women are disproportionately employed in the service sector and underrepresented in industry and agriculture. Women are well represented in a sector that is displacing the economic significance of traditional industries. Thus, women's contribution to the economic future of the United States (and the world) has been come even more critical in the future. As Salaried women's earning power increases, their responsibility to make critical financial decisions for themselves and their household also increases. These decisions are influenced by the unique financial challenges that they face. The studies conducted in the field of investment behaviour are required to be updated frequently. In India, studies on investment pattern and preference of salaried women have received little attention in the studies conducted so far. Factors influencing investor's behaviour on Bank Fixed Deposits are: Interest rate, Location, reputation/Image, Service Quality, Bank Performance, Profitability and Liquidity, Age, Income levels etc. Key words: Bank Deposits, Salaried women

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