Research Methodology is the systematic method/process dealing with enunciation of identifying a problem, collection of facts or data, analyzing these data and reaching a certain conclusion either in the form of solutions towards the problem concerned or certain generalizations for some theoretical formulation (Hasouneh, 2003). A systematic process and methodology is needed to conduct a research in a successful manner. This section of the presentation highlights the methodology and process used to conduct the present research. This section highlights the objectives and procedure of the study. Further, this section discussed the research methodology adopted for attaining the objectives of the study. Properly conducted research reduces the uncertainty level for the decision maker. Hence, it is extremely important to describe the research methodology here.

**Justification of the Present Study**

The review of literature highlighted gaps in the existing studies showed that there was a need to make a fresh attempt to understand the credit worthiness of the customer and selection of a bank regarding loan as number of improvements could be incorporated on account of gaps in the existing literature. The present study had made an attempt to overcome the gaps by taking into consideration feedback given by executives of different banks and clients/customers availing services from banks. Above all, the study had followed a macro approach by studying behavioral aspect of bank’s executive and consumer so that the results of these studies can be generalized in Indian context. The broad objectives of the present study were as under:

**Objectives of the Study**

- To explore the key features of various consumer finance schemes offered by financial institutions.
- To find out how financial institutions check the credit health of customers at the time of granting loans.
- To examine the factors to be taken into consideration by the customers at the time of taking loan.
**Research Design**

Reliability and validity of the research required planning of inquiry, i.e. the detailed strategy of how the research would be conducted. A good research design depends on two aspects of its designing: first, specifying what one wants to find out, i.e. properly posing the problem or properly phrasing the issues to be studied or the logical structure of inquiry; and second, determining how to do it, i.e. collecting data through scientific and appropriate methods, using effective techniques of data analysis rational and meaningful deductions (Ahuja, 2001). Therefore, the researcher had to take great care in the preparation of the research design (Thanulingom, 2003). There are many types of research design and there was no standard or ideal research design to guide the researcher; many different research designs may accomplish the same objectives. Broadly, research design can be of three types: (1) Exploratory (2) Descriptive and (3) Casual/Experimental.

In the present study, exploratory cum descriptive research design had been adopted, as the main purpose of this study was to check the credit worthiness of consumer and selection of a bank by customers and to achieve new insights into it.

**Sample Design**

In most of the research studies, it becomes almost impossible to examine the entire universe; the only alternative thus, was to resort to sampling. The present study is also of the same nature. According to Manheim (1977), “a sample is a part of the population which is studied in order to make inferences about the whole population”. Thus, a good sample would be a miniature version of the population, which would involve the following:

- Sample Unit (Unit of Analysis)
- Sample Techniques and
- Sample Size

**Sample Unit** Before selecting a sample, a decision had to be taken concerning a sample unit. The sample unit is the individual, group, or other entity that is selected for the survey. This is also known as the unit of
analysis when the survey data are examined statistically (Fink, 1995). Executives of seven banks of India and customers of these banks (SBI, PNB, UBI, HDFC, ICICI, IDBI and Kotak Mahindra) had been considered as sampled items.

**Sampling Techniques** The procedure that a researcher adopts in selecting the unit for the sample is known as sampling technique. In the present study, Non-Probability sampling technique mainly judgmental sampling was used. The data was obtained from the various respondents within the organizations i.e. bank’s executives of (SBI, PNB, UBI, HDFC, ICICI, IDBI and Kotak Mahindra) and from outside the organizations i.e. consumers who have taken the loans from these banks through appropriate questionnaires and schedules.

**Sample Size** The number of sampling units means to select the sample size from the population for the purpose of investigation. No doubt, sample size must be sufficiently large so that we can have a representative sample. But, money and time constraints tend to limit the size of sample. The population addressed under the present study consisted of Loan Officers/other executives and customers of the banks. A sample of 308 customers who had secured loans-house building loan, vehicle loan and personal loan and 111 executives of seven leading banks viz., SBI, PNB, UBI, HDFC, ICICI, IDBI and Kotak Mahindra located in NCR region were taken.

**Data Collection**

In research process, the results will be good if the data put in is good. If poor and unrelated data are collected, naturally poor and misleading conclusion will be drawn. Therefore, due consideration should be given to the type and method of data collection (Wilkinson and Bhandarkar, 2000). There are two types of data: primary data and secondary data. Since the scope of the study was really very vast, both types of data have been collected. Primary data was collected through the well-structured
comprehensive questionnaire, and secondary data was collected from the websites, brochures, newspaper reporting and/or pamphlets issued by banks from time to time.

**Questionnaire**

Questionnaire is a technique of data collection in which individual respondent was asked to respond into the same set of questions in a pre-determined order (deVaus, 2002). Questionnaire is considered as an inexpensive way to gather data from a potentially large number of respondents. Questionnaire survey should be a multi-stage process beginning with definition of the aspects to be examined and ending with interpretation of the results. Every step needs to be carefully designed (Georgia Tech., 2005).

The questionnaires were designed in such a manner that the same questionnaire could be used for all the samples under study. To facilitate this research, self-designed questionnaires were distributed in NCR region.

Two set of questionnaire were used for collecting primary data from the different segment of banks. In the first questionnaire, bank executives were contacted and in the second questionnaire customers of the banks were contacted. Both the questionnaire was designed to secure data along various questions on a 5 point Likert Scale.

The questions were set on the basis of information required for the study. Also, the respondent understood what the researcher was looking for or actually intended. Finally, the researcher decoded the answer in the way the respondent actually intended.

**Method of Analysis**

The PASW 18 version software was used to analyze the data. The advantage of using PASW is that it enables the researcher to analyze the quantitative data quickly and in different ways with various statistical techniques. Data was entered into EXCEL and exported into PASW for further statistical analysis. The statistical tools used to find out the results were: measure of Central Tendency, Standard deviation, Factor
Analysis, Correlation Analysis and Cronbach’s Alpha. Apart from this various types of diagrams and graphs have been used for analyzing the data.

The survey data was analyzed using the PASW 18 version software program. All the data were coded and categorized before keying into the PASW. Generally the analysis consists of descriptive statistics such as frequency distribution which was used to provide summary of general demographic characteristics. Mean scores, standard deviation and reliability test were used to analyze the selection of a bank by the respondents. The researcher also used Cronbach’s Alpha test of reliability to measure the reliability coefficients of the data. Mathematically, reliability is defined as the proportion of the variability of the responses to a survey that is a result of differences in the respondents. The Cronbach’s Alpha test is based on average correlation of items if the items are standardized. If the items are not standardized, it will be based on average covariance of the items. In addition Cronbach’s Alpha also showed the internal consistency of the test, how much high responses go with highs and lows with lows over all item in the measure. Thus, Cronbach’s Alpha is also a measure of the internal consistency reliability of measure the extent to which the items of a measure across a common characteristics. The coefficient ranges from 0 to 1, where a higher value represents a higher reliability and consistency.

Factor Analysis was used to summarize the 30 items into smaller number of factors or dimensions of the criteria used in the selection of a bank. The smaller factors or dimension will summarize the essential information required in the analysis. The researcher used the Principal Axis Factoring for factor extraction and rotated using Varimax Rotation. In factor extraction, researcher chooses factors having eigenvalue greater than 1.

The study further analyzes the result of the Bartlett’s test of Sphericity and the Kaiser-Mayer-Olkin. These two tests are used to measure the sampling adequacy to determine the factorability of the matrix as a whole. If the Bartlett’s test of Sphericity is large and significant and the Kaiser-Mayer-Olkin is greater than 0.7 then factorability is assumed.
**Questionnaire filled up by the Customers** The demographic details of the customers who had secured loans/s from the banks and filled up the questionnaire have been presented below.

**Figure 3.1**

![Response Rate of Questionnaire](chart.png)

A total number of 400 customers were approached to fill the questionnaire but only 308 customers have responded. Thus, only 77% customers have responded the questionnaire and 23% customers have not responded the questionnaire.
The sex of the customers was noted down as socio-demographic parameters. When the sex of the customers was considered it was observed that there was no gender equality. There were male (81%) and female (19%) customers have responded.
The occupation of the customers was noted down as socio-demographic parameters. When the occupation of the customers was considered it was observed that 64% customers are salaried persons, 20% are professional, 12% are self-employed and remaining 4% are those who were doing any kind of work for their livelihood.
The Nature of Job of the customers was noted down as socio-demographic parameters. When the Nature of Job of the customers was considered it was observed that 69% customers are having permanent job, 17% are temporary job, 11% are having contractual job and remaining 3% are having any kind of job.
The Marital Status of the customers was noted down as socio-demographic parameters. When the Marital Status of the customers was considered it was observed that there were 79% people are married and 21% are unmarried.
Questionnaire filled up by the Bank Executives

While questionnaire was filled up by the Bank Executives to check the credit health of the customers, some personal information was sought from the Bank Executives. The graphical presentation of the information is as under:

Figure 3.6

A total number of 200 Bank Executives were approached to fill the questionnaire but only 111 Bank Executives have responded. Thus, only 55.5% Bank Executives have responded the questionnaire and 44.5% Bank Executives have not responded the questionnaire.
The Age of the Executives was noted down as socio-demographic parameters. When the Age of the Executive was considered it was observed that 8% executives are having the age group of 25-35 years, 15% executives are having the age group of 36-45 years, 46% executives are having the age group of 46-55 years and 31% executives are having the age group of above 55 years.
The gender of the Bank Executives was noted down as socio-demographic parameters. When the gender of the Bank Executives was considered it was observed that there was no gender equality. There were male 75% and female 25% Bank Executives who have responded.
The Nature of the Bank Executives was noted down as socio-demographic parameters. When the Nature of the Bank Executives was considered it was observed that there was 77% public banks and 23% private banks.
The Education Level of the Executives was noted down as socio-demographic parameters. When the Education Level of the Executive was considered it was observed that 34% executives are Degree holder and 66% executives are Post graduates.
The Position Held of the Executives was noted down as socio-demographic parameters. When the Position Held of the Executive was considered it was observed that 21% executives are having the position of Loan Executives, 19% executives are having the position of Head of Credit, 38% executives are Credit Controller and 22% executives are having the position of Branch Manager.
The Length of Service of the Executives was noted down as socio-demographic parameters. When the Length of Service of the Executive was considered it was observed that 19% executives are having 0-10 years of Length of Service, 23% executives are having 11-15 years of Length of Service, 25% executives are having 16-20 years of Length of Service and 33% executives are having the Length of Service of above 20 years.
The Marital Status of the Bank Executives was noted down as socio-demographic parameters. When the Marital Status of the Bank Executives was considered it was observed that there was no equality in the Marital Status. There were 71% married executives and 29% unmarried executives have responded.
Limitations of the Study

Despite the scope of the present study being very vast; still the researcher would have no claim to say that the present research work is complete in every sense and results are accurate and original. The reason, every researcher has to conduct the study under certain limitations and collect the data based on certain assumptions. The present study is not an exception. The present study has also been conducted under certain limitations and is based on some assumptions. Some of the most important are given as under

- The scope of the study in this particular field was very vast and the collected data provided huge information; therefore, the researcher could have revealed some other interesting results. But, the researcher limited the result of present study according to objectives of the study. However, the researcher tried to include all the necessary information for justifying the result of the study.

- Due to limited time and problems involved in getting information in finance area, the researcher has taken only banks among the financial institutions.

- The sample size of present study was relatively small to generalize the results in the Indian context. But time and financial factors did not allow the researcher to select very large sample size. However, the researcher made the justification by taking seven banks of India into consideration. The banks considered on basis of their credibility and the region selected for study was really highly technical. Therefore, it would be logical to conclude that the result might be generalized in the Indian context. But, for future research this factor should be taken into consideration.

- There might be drop error i.e. the respondents who are willing as well as able may not be contacted.

- There might be go error i.e. the respondents who are unwilling to respond might have been included in the sample. However, the large sample base as well as the pre-testing would further reduce the chances of these errors.