CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

The customer orientation is the most important prerequisite for banks, in providing competitive world class service to the customer and also help reduce cost of services provided to them. Further, customer orientation is also the most important factor in determining the customer’s expectation and satisfaction and in turn customer retention. In this background, an attempt is made in the present research to explore the status of customer orientation in Primary Agriculture Co-operative Banks (PACBs) in Pondicherry based on the views of its customers. From the discussion of the results obtained from the analysis of data, many findings have come into light. The findings emanated from the discussion of the results are summarized in this chapter. Also, conclusion based on the findings are provided and suggestions are given here..

7.1 Findings

The findings from the interpretation of the results are summarized hereunder:

1) Majority of the PACB customers are found to be possessing own land and the size of cultivable land is found to be up to 3 acres for the most.
2) The duration of membership is more than seven years for majority of the customers of PACBs in Pondicherry.

3) There is a significant relationship between size of land cultivated and duration of membership of farmers with PACB in Pondicherry.

4) Majority of the PACBs customers are holding savings bank account and loan account.

5) It is found that the customers with high income from agriculture, own more cultivable area and hold loan account.

6) The procedure followed by PACB to open account is neither easy nor difficult rather it is normal.

7) The PACBs have taken more than 45 minutes to open account which is significantly higher than the expected time of the customers. That is, customer orientation of PACBs in respect of time taken for opening account is significantly less than the expectation of the customers.

8) The time taken for depositing money is more than 10 minutes and the customer orientation in this regard is significantly higher than the expectation of the customers.

9) The time taken for crediting the account after the collection of cheques is more than 45 minutes and the customer orientation of the
PACBs in this regard is significantly higher than expected time of the customers.

10) There is a significant gap between actual and expected time taken by PAC banks for crediting the account ordinarily, in turn revealing the fact that the PACBs customer orientation in this regard is significantly higher than expected by the customers.

11) The PACBs are found to have provided timely service to the customers in respect of debiting the account after withdrawal of money.

12) The time taken for withdrawal of money is more than 45 minutes which is significantly higher than time expected by the customers.

13) It is found that short-term and medium term loans are the mostly availed loans by the customers from PAC banks.

14) The PAC banks in Pondicherry are reasonably fast in sanctioning the loan to the customers.

15) Most of the customers have availed loans up to 4 times from PAC banks.

16) It is found that majority of customers who have availed loan also used for non-agricultural purposes.

17) It is found that loan availed from PAC banks has not fulfilled the purpose for which it is availed.
18) It is found that the vast majority of the borrowers do not repay the loan promptly.

19) It is also found that those who have the capacity to repay the loan, do not repay deliberately expecting that the government would waive the loan availed by them.

20) It is found that the initial processing fee for sanctioning loan is abnormally high in PACB. Further, there is a strong agreement among most of the respondents that PACBs are insisting collateral assets, personal guarantee, and deposits for issuing personal loan. However, there is a disagreement among most of the customers when the question is asked about pledging of jewels, hypothecation of vehicles and mortgage of land, for loan.

21) It is found that procedures adopted by PACBs for sanctioning loan is the same for rural and urban areas. The above perceived status of PACBs customer orientation in terms of loan sanctioning procedures does not differ by difference in socio-economic characteristics of the customers.

22) It is found that the rate of interest on loan issued by PACBs is neither low nor high rather it is moderate as postulated by the sample respondents.

23) Nearly two-third of the respondents in the sample area are interested in considering PACB for banking operation. That is, customer
orientation of PACB is better to the extent of retaining two-thirds of the customer base in its fold.

24) The consideration of PACB among farmers for banking operation is significantly associated with the rate of interest on loan issued by PACB in rural and urban areas of Pondicherry.

25) The most of the customers of PACBs have not faced any problems in their operation with the banks, which indicates overall customer orientation is better in PACBs.

26) The employees of PACBs are well-versed with bank products and services and properly handle any problems faced by customers while availing loan.

27) The PACB employees are very cordial with customers, understand customer’s specific requirements and supply all information, procedures regarding loan.

28) The time taken for crediting account is more than 10 days when the PACB employees understand specific need for financial services whereas the time taken for crediting account is up to 3 days if the bank employees are never too busy to respond to customer requests.

29) The customer satisfaction with services broadly relating to “Interest rates and service charges”, “Tangible quality of service” and “Easy to understand and error free statements” is provided by PACBs in Pondicherry.
30) There is a close relationship between employees knowledge about bank products and services and time taken for opening of accounts. This led that time taken for opening account varies from 10 minutes to 1 hour depending upon the employees knowledge.

31) Similarly the same logic applies for collection of outstation cheques and making entries in the passbook and withdrawing money.

32) It is found that there is inordinate delay in dispersing the loan amount even after the loan sanctioned.

33) There is a satisfaction among the customers with “Interest rates and service charges”, “Tangible quality of service” and “Easy to understand and error free statements” of PACBs.

34) It is found that the customer satisfaction with employees of PACB is primarily based on “helping attitude and prompt service”, “professional skills” and “friendliness and caring attitude” of the employees.

35) There is a significant relationship between duration of membership and customers’ satisfaction with overall orientation as well as with overall functioning of PACBs.

36) The customer satisfaction with overall service orientation as well as with overall employee orientation is unaffected by time taken for
opening accounts, depositing money, making credit entry into account, making transaction entries into pass book, making debt entries in the pass book and withdrawing money.

37) The customer satisfaction with overall functioning of PACB tend to increase substantially with significant increase in employees’ behaviour in respect of responding to customer requests quickly, understanding the specific needs of the customers and giving important for sharing information with customer among PACB employees.

7.2 Suggestions

Based on the findings emanated from the present study, the followings suggestions are provided:

1) The banks have to increase their farmer-customer base by encouraging marginal and small farmers, through issue of required loan in time with minimum procedures.

2) The customer orientation of PACBs in respect of time taken for depositing money, crediting account after collection of cheques, withdrawal of money is much less than the expectation of customers. So, the PACBs should take necessary steps to improve these services up to the expectation of the customers.

3) The banks should keep watch on the borrowers whether the loan availed by them was utilized for the purpose for which they
borrowed have misused the loan which might have lead to prompt repayment.

4) It is found that some PACB employees do not follow up each customer personally, attend the grievances quickly and give importance for sharing information with customer. The deficiencies in these service may lead to poor customer turnover or may push the customers as defaulters. Therefore, PACBs in Pondicherry should take necessary steps to look into this problem and motivate them to provide personalized services.

5) The PACBs are found to be taking very long time to issue the loan amount even after it is officially sanctioned. This approach will create bad impression about the banks in the long run. Therefore, PACB need to release the loan amount very immediately after it is sanctioned.

7.3 Conclusion

It is concluded that the duration of membership is nothing to do with the economic status of the members of PACBs. Though a vast majority of members have banking operations with PACBs there is no markable changes in the socio-economic characteristics. The marginal and small farmers avail loan frequently and used for non productive purpose and so there is no substantial increase in their economic status. Medium and large
farmers are the beneficiary group of borrowers as they have landed properties to offer as collateral securities.

Though procedure followed by PACBs to open accounts is very simple, the banks take more time in providing customer oriented services such as opening of accounts, depositing of money, withdrawals and collection of cheques and drafts. It is understood, most of the customers have availed either short-term loan or medium term loan for agriculture and non-agriculture purposes and most of the customers have availed loan for more than one time. It is concluded that majority of the customers do not repay the loan in time due to low yield because of natural calamities. As the state government, now and then, waive the co-operative loan, even the borrowers with the repaying capacity turn to willful defaulters, expecting the loan waiver.

Irrespective of the status of the borrowers most of them would like to have savings bank account and loan account with PACBs, even customers with income from agriculture do not prefer co-operative banks for depositing their surplus money in term deposits.

Regarding procedures followed by PACBs for sanctioning loan to the farmers, it is concluded that the initial expenses to get loan from PACBs is high. From the perception of the customers regardless of the difference in their socio-economic status, it is concluded that PACBs demand collateral assets, personal guarantee and deposits for issuing loans to the farmers.
Most of the farmers do consider the PACBs for banking operation due to moderate interest rate and overall good customer orientation of these banks.

The employees of PACBs have sufficient knowledge about the products and services offered by the bank. They attend the grievances quickly and share information. Though most of the employees extend courteous services still, some of them do not offer personalised service.

The time taken for opening of accounts varies from ten minutes to one hour depending upon the employees knowledge about financial services. At the same time, customers orientation services such as time taken for depositing money into accounts, making entries into pass book, debiting account against withdrawal of money and for issuing loan are related to the behaviour of employees in PACBs.

It is concluded from the views of the customers that three primary factors underlying service orientation of PACBs, viz., “interest rates and service charges”, “tangible quality of service” and “easy to understand and error free statements” are the most important factors in determining customers satisfaction. The factors behind employee orientation such as “helping attitude and prompt service”, “professional skills” and “friendliness of caring attitude” lead to customer satisfaction.

Though there found to be moderate satisfaction among customers with overall functioning of PACB, behaviour of PACB employees towards “understanding the specific needs for financial services” play an important
role in determining customers’ satisfaction with overall functioning. It is further concluded that, not all, but only specific customer oriented services such as “time taken for crediting account” followed by “time taken for withdrawal of money” and “time taken for opening accounts” contribute to the customers’ satisfaction. Overall, a moderate relationship between customer orientation and customer satisfaction is identified from the study.

7.4 Scope for further Research

The study of similar nature can be extended to Urban Co-operative Banks, State Co-operative banks and Commercial Banks. The future study like this can be undertaken by including Karaikal, Mahe and Yanam of The Union Territory of Pondicherry.