

A Study On Customer Attitude Towards Educational Loan Services With Special Reference To Canara Bank In Trichy City

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ABSTRACT

Now a days, the role of educational loan is significant in national development. As one of the leading banks, Canara bank offers various schemes of educational loan services. The bank successfully maintains educational loan services. Analysis of customer attitude helps to rectify and overcome the difficulties faced by customers in availing educational loan services. Present study is descriptive nature. Data have been collected using structured questionnaire. The reasons for preferring Canara bank has been analysed based on the collected responses. Customer satisfaction level has been tested using chi-square statistical method. Various factors affecting customer satisfaction have been ranked using Likert scale. The Suggestions to make educational services, more affordable to the customers has been given in this study.

Key words: Canara bank, Educational loan, Customer attitude, Likert scale.

INTRODUCTION

Educational development is one of the goals for achieving sustainable development. Several commercial banks offer educational loan to the students. This study concentrates on customer attitude towards educational loan services of Canara bank. Focus is given to rectify the difficulties that are associated with educational loan services.

Canara Bank:

In July 1906, Canara bank was started and nationalized in 1969. The bank is one of the largest Public Sector Banks. Now, it has 10.50 crore customers, 10416 branches and 13452 ATMs spread across the country. The Canara bank was merged with Syndicate bank and became the fourth largest Public Sector Undertaking bank in the country in August 2019. Canara bank opened its first Overseas branch in London and it has other branches at HongKong, Shanghai, Leicester and Bahrain. It established a joint venture with State Bank of India in Moscow. Our bank offer several loan services to its customers.

The following are the details of Educational Loan services.

Educational Loan:

Educational loan is given only for Indian national. The educational loan is given for the purpose of payment of course fee, hostel fee, fee to buy study materials like books, computer, etc., travel expenses related to studies in India and abroad. According to the nature of course and need of the customers the amount is sanctioned. No collateral security is needed up to 7.5 lakhs and above 7.5 lakhs only tangible security is needed. There is no margin amount up to 4 lakhs. Maximum repayment period is allowed up to 15 years after one year of the course completed. This repayment period is varies for vocational courses or skill development courses. The interest rate changes according to the amount of loan sanctioned. Canara bank introduces 5 schemes of educational loan to the public. They are as follows:

1. IBA model Scheme for pursuing higher studies in India and Abroad:

This type of scheme is given only for studying diploma, UG courses and PG courses in reputed institutions within India and leading UG & PG courses in abroad.

2. IBA skill loan scheme – Educational Loans:

This skill loan scheme helps to support for skill development. This scheme of loan is given only for the students of training institutes aligned to National Skill Qualification Framework (NSQF).

3. Vidya Turant – Education Loan Scheme:

Under this scheme education loan is given only to the meritorious students who are studying in IIMs, IITs, NITs, IISc and other reputed institutes.

4. Vidya Shakthi – Education Loan Scheme:

This scheme of loan is given only for students belonging to Differently abled category (PWD) in India.

5. Vidya Sahay – Educational Loan Scheme:

This scheme of loan is given for the students who are in need of down payment given to the Common Entrance Test conducted by state government, IIT, CBSE and other Indian Examination and selected for counseling. This loan is to be settled after the sanction of regular educational loan.

Customer Attitude

Customer attitude is the feeling of an individual towards an object. This attitude results in liking or disliking of the product. Customer attitude comprises of belief, feeling and behavioral intention towards an object. Customer attitude includes customer preference and customer satisfaction. By determining the level of customer satisfaction, we can understand the unsatisfied customers and can analyse the ways to improve their satisfaction level. It also helps to understand the satisfaction level of competitor's products.

REVIEW OF LITERATURE

Paulmurugan M (2013) in his study titled "A study on educational loans provided by commercial banks in Kerala" revealed that 46.67 per cent of the banks in the state are taking ten to fifteen days for completing the procedures for sanctioning the education loan. This variable shows the same characteristics in all banking sectors, in all locations and in all districts. The beneficiaries are not

quite certain about the commitment of commercial banks for educational credit needs as their mean value of satisfaction level lies in the range of ≥ 2.50 to 3.50 i.e., neither satisfied nor dissatisfied. Majority of the beneficiaries (84.80%) are repaying their educational loan from their salary.

Karthikeyan P (2014) in his article “A Study on Customer Preference towards Loans and Advances with Reference to Lakshmi Vilas Bank” revealed that the loan products offered by LVB is satisfactory when compared to other banks situated in the nearest places. To compete, the bank should introduce more products including loans. Over all the customers are satisfied with the existing service.

Panjali, N. (2015) in her study titled “Perception of Bankers and Beneficiaries towards Education Loan” revealed that Educational loans are sanctioned predominantly to students studying professional courses (mean-score = 3.76) followed by institutional reputation (mean-score = 3.45) and parents’ occupation in government sector (mean-score = 3.02). Professional course, institutional reputation and parents’ occupation continues to be the key differentiators for securing educational loans successfully. Borrowers have reported that low rate of interest is the major reason (mean-score = 4.17) to opt for educational loans. Good repayment schedule, simple procedure, easy repayment options, ease of availability and unwillingness of people other than bank to provide low interest loans are the other major reasons for opting educational loans. It is therefore concluded that low rate of interest, comfortable repayment schedules and simple procedure are the major reasons for borrowers opting for educational loans.

R. Jayaraman, Dr. G. Pandurangan (2016) in his article “Project Report on Customer Preference towards Selected Loans in Karur Vysya Bank” revealed that many of the respondents give more priority to educational loans. So the bank can concentrate more on educational loans to promote it further to the clients. Only 40.5% of the respondents said that the interest rates for loans are moderate. So the bank can take remedial measures and compare the interest rate with other banks which leads to the increase in clients to the branch. Many of the clients feel that they are stressed due to the lengthy procedure and processing time for loan. If the processing time is reduced then it may eventually lead to increase in the clients in the branch.

Santhosh Kumar Bojan, A. Saravanakumar (2018) in the article “Preference of Education Loan - A Study with Special Reference to Canara Bank in Coimbatore” revealed that Majority (78%) of the respondents have used educational loan from Canara bank among which (41%) of the respondents have availed loan for pursuing higher education. Majority (45%) of the respondents are paying the penalty for interest payment. Majority of the respondents (3.702) have given the first rank for speed of transaction at counters.

RESEARCH DESIGN

This study is based on descriptive research. This study is purely based on both primary data and secondary data. For collecting primary data the researcher used questionnaire. Based on the responses of the respondents the attitude of the customers towards educational loan services of Canara bank has been measured.

Sampling Design

Samples have been selected using convenient sampling technique. Due to time constraint the researcher has taken only 120 samples for collecting primary data.

Collection of Data

Primary data have been collected using questionnaire from samples. Secondary data have been collected from websites, books, journals, magazines, newspapers and annual report.

Tools for data analysis

The researcher has used simple statistical methods to analyse the data. The tools like percentage, chi-square test, and also Likert type scaling technique have been used here to analyse the data for interpretation and finally the researcher gave the report.

Area coverage

The researcher conducted the study only in Trichy city. The researcher collected the data from the respondents in the major areas of Trichy city.

OBJECTIVES OF THE STUDY

- ❖ To know the reasons for preferring Canara bank for educational services.
- ❖ To analyse the factors influencing the satisfaction of the customers.
- ❖ To measure the level of satisfaction of the customers.
- ❖ To offer some suggestions for increasing the satisfaction level of the customer.

HYPOTHESIS

On the basis of third objective of the study, null hypothesis have been formulated. They are listed below.

- ❖ There is no significant relationship exist between occupation of the respondent and their satisfaction level.
- ❖ There is no significant relationship exist between purpose of the loan and the level of satisfaction.

LIMITATIONS OF THE STUDY

This study has the following limitations

- ❖ This study only deals with the educational loan services of Canara bank.
- ❖ Due to time constraint the researcher has concentrated only Trichy city.

ANALYSIS AND INTERPRETATION OF DATA

This study deals with the analysis of reasons for preferring Canara bank and the level of customer satisfaction. For that the researcher has collected the data and tabulated and analysed. For easy

understanding, some of the analyses of the table are given below. Some of the rating scale analysis and chi-square test analysis are given below. These analysis helps to understand the result better.

Socio-Economic profile of the respondents

Socio Economic profile of the respondents is presented in the following table.

S.No	Particulars	No. of Respondents	Percentage(%)	Total Respondents	
1.	Age	18 – 25 years	63	52%	120
		26-30 years	37	31%	
		31-35 years	14	12%	
		Above 35 years	6	5%	
2.	Gender	Male	70	58%	120
		Female	50	42%	
3.	Marital Status	Married	26	22%	120
		Unmarried	94	78%	

4.	Occupation	Student	64	53%	120
		Self Employed	22	18%	
		Employed in Public & Private sector	26	22%	
		Others	8	7%	
5.	Monthly Income	Below 20,000	86	72%	120
		20,001 – 40,000	28	23%	
		Above 40,000	6	5%	
6.	Purpose of Loan	Course Fee	58	48%	120
		Hostel Fee	36	30%	
		Exam Fee & Study tour	12	10%	
		Books & other study material	14	12%	

This table reveals that the majority (53%) of the respondents are under the age of 18 to 25 years. Majority (58%) of the respondents are male and 78% of respondents are unmarried. Majority (53%) of the respondents are students. As for as income group is concerned, the majority (72%) of the respondents are earning monthly income below 20,000 and majority (48%) of the respondents get loan for the purpose of the payment of course fee.

Reasons for preferring Canara Bank for educational loan

The reasons for preferring Canara Bank are presented in the following table.

S. No	Reasons	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total score	Mean score	Rank
1.	Easy accessible	40 (8)	88 (22)	48 (16)	96 (48)	26 (26)	298 (120)	2.48	IV
2.	Simple Procedure	65 (13)	248 (62)	72 (24)	14 (7)	14 (14)	413 (120)	3.44	III
3.	Quick Processing	190 (38)	196 (49)	45 (15)	24 (12)	6 (6)	461 (120)	3.84	II

4.	Sanction maximum Loan amount	310 (62)	104 (26)	48 (16)	22 (11)	5 (5)	489 (120)	4.08	I
5.	Referred by friends and others	25 (5)	72 (18)	63 (21)	92 (46)	30 (30)	282 (120)	2.35	V

The researcher has analysed the above table and used the Likert scaling technique to rank the reasons for preferring Canara Bank for educational loan services. As per the results of Likert scaling technique, the reason, “Sanction maximum loan amount” has secured 489 score and ranked first followed by the reason “Quick processing” which had obtained 461 score and ranked second. The reason “Simple procedure” has secured 413 and got third rank. The reason “Easy accessible” has scored 298 and got fourth rank and the reason “Referred by friends and others” has secured 282 score and got fifth rank.

Inference:

It shows that majority of the respondents feel that they have preferred Canara bank in order to get maximum loan amount.

Factors influencing the level of customer satisfaction

The factors which influence the level of customer satisfaction is presented in the following table.

S. No	Factors	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Total score	Mean score	Rank
1.	Interest Rate	260 (52)	72 (18)	39 (13)	44 (22)	15 (15)	430 (120)	3.58	III
2.	Processing Fee	240 (48)	88 (22)	93 (31)	24 (12)	7 (7)	452 (120)	3.76	II
3.	Duration taken for Sanction	290 (58)	128 (32)	36 (12)	16 (8)	10 (10)	480 (120)	4.00	I
4.	Repayment Period	190 (38)	112 (28)	72 (24)	32 (16)	14 (14)	420 (120)	3.5	IV
5.	Penalty	60 (12)	60 (15)	54 (18)	94 (47)	28 (28)	296 (120)	2.47	VI
6.	Collateral Security	35 (7)	88 (22)	84 (28)	88 (44)	19 (19)	394 (120)	3.28	V

The researcher has analysed the above table and used Likert scale technique to rank the factors that are influencing the customer satisfaction. As per the results of Likert scaling technique the factor “Duration taken for sanction” is ranked first as it had secured 480 score. The factor “Processing fee” has secured 452 score to get second rank. The factor “Interest Rate” has secured 430 score and got third rank. The factor “Repayment period” has secured 420 score and got fourth rank while the remaining factors “collateral security” and “Penalty” secured 394 and 296 scores and got fifth and sixth rank respectively.

Inference:

It shows that majority of the respondents had given first rank to “Duration taken for sanction” which shows that the satisfaction level of the customers is determined by sanction duration period.

CHI-SQUARE TEST

Level of Satisfaction and the Occupation of the respondent

The relationship between Occupation of the respondents and the level of satisfaction of the customer are listed in the following table.

Occupation	Level of Satisfaction			Total
	High	Medium	Low	
Student	16(50%)	42(63%)	6(29%)	64
Self Employed	6(19%)	13(19%)	3(14%)	22
Employed in public and private sector	8(25%)	7(10%)	11(52%)	26
Others	2(6%)	5(8%)	1(5%)	8
Total	32(100%)	67(100%)	21(100%)	120

H_0 = There is no significance relationship exist between Occupation and the level of satisfaction of the respondent.

Degrees of Freedom	6
Level of Significant	5%
Chi-square value	17.19837
Tabulated Value	12.592

The calculated value is greater than the tabulated value. Hence the null hypothesis is rejected.

Level of satisfaction and the purpose of loan of the respondent

The relationship between purpose of loan and level of satisfaction are listed in the table below

Purpose of Loan	Level of Satisfaction			Total
	High	Medium	Low	
Course Fee	18(56%)	38(57%)	2(10%)	58
Hostel Fee	7(22%)	19(28%)	10(48%)	36
Exam Fee & Study Tour	5(16%)	4(6%)	3(14%)	12
Books and other Study Materials	2(6%)	6(9%)	6(28%)	14
Total	32(100%)	67(100%)	21(100%)	120

H_0 = There is no significance relationship exist between purpose of loan and the level of satisfaction of the respondents.

Degrees of Freedom	6
Level of Significant	5%
Chi-square value	19.72771
Tabulated Value	12.592

The calculated value is greater than the tabulated value. Hence the null hypothesis is rejected.

FINDINGS

The researcher has analysed the data and summarized the findings. They are listed below.

- ❖ Majority (53%) of the respondents are students.
- ❖ Majority (48%) of the respondents have availed educational loan services for the purpose of payment of Course fee.
- ❖ Majority of the respondents have given first rank (489 scores) and had preferred Canara bank for the reason “Sanction maximum loan amount”.
- ❖ Majority of the respondents have given first rank (480 scores) to the factor “Duration taken for sanction”, which influenced the satisfaction level of customer.
- ❖ Null hypothesis is framed to evaluate the relationship between occupation of the respondents and their satisfaction level. As the calculated value (17.19837) is greater than the tabulated value (12.592) at 5% significance, the hypothesis is rejected.
- ❖ Null hypothesis is framed to evaluate the relationship between purpose of the loan and the level of satisfaction. As the calculated value (19.72771) is greater than the tabulated value (12.592) at 5% significance, the hypothesis is rejected, the hypothesis is rejected.

SUGGESTIONS

The purpose of getting educational loan is to meet the educational expenses of the students immediately. So the customers preferred immediate sanction of educational loans. The bank should sanction maximum loan amount according to the need of the customers. The bank should make the procedure of getting educational loan to be more friendly, simple and easy. The bank should reduce the interest rate of the educational loan to attract the customers. The bank also should consider the penalty imposed for delay payment. The bank should take all the necessary steps to get the educational loans sanctioned quickly and easily.

CONCLUSION

This study analysed the reasons for preferring Canara bank for educational loan services and the level of satisfaction of the customers of Canara bank in Trichy city. This study also provide valuable suggestions to promote the satisfaction level of the customers.

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