



A Study on Customer Satisfaction on Banking Services in Agricultural Co-operative Society.

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Abstract: Co-operative banks are financial institutions established on the principles of cooperation, mutual assistance, and community service. They operate to meet the financial needs of their members, who are also their owners. These banks are guided by democratic principles, where decisions are made collectively, and profits are shared among members or reinvested to serve the community. Co-operative banks are typically organized to provide credit and banking services to rural and urban communities, especially small-scale businesses, farmers, and individuals who might not easily access conventional banking services. Customer satisfaction plays a pivotal role in ensuring the success of Co-operative banks. It refers to the extent to which customers are satisfied with the services they receive, including their rights, safety, and access to information. The Co-operative banking system in India is characterized by its extensive grassroots-level network. Customer satisfaction is a critical factor for success in this service-oriented sector, including Co-operative banking. Meeting the evolving needs of members fosters long-term relationships and sustainable growth. This paper seeks to analyze various aspects of customer satisfaction, identify areas for improvement, and develop strategies to enhance the overall banking experience for members.

Keywords: Co-operative Banks, Customer satisfaction, Agriculture

I. INTRODUCTION:

The economic development of a country largely depends on the presence of a well-organized financial system. A properly functioning system effectively channels funds from savers to investors, boosting productivity, driving economic growth, and improving living standards. In India, Co-operative Banks emerged with the enactment of the Co-operative Credit Societies Act, 1904, enabling the establishment of Co-operative credit institutions. These banks complement commercial banks by mobilizing savings and extending loans to local communities. Co-operative banks, promoted by their members and registered with the State Registrar of Co-operative Societies, operate on the principles of "no profit, no loss" and "one member, one vote." The Co-operative banking structure in India includes urban and rural Co-operative banks. Their primary goal is to address the financial needs of their members by offering a range of services such as savings accounts, loans, credit facilities, and investment opportunities.

Customer satisfaction plays a pivotal role in ensuring the success of Co-operative banks. It refers to the extent to which customers are satisfied with the services they receive, including their rights, safety, and access to information. This satisfaction enables customers to make informed choices, ensuring they benefit fully from the services provided. Co-operative banks aim to protect individuals with limited financial resources from falling into the debt trap of moneylenders, serving as an integral part of a broader Co-operative structure engaged in production, processing, marketing, distribution, servicing, and banking. Customer satisfaction is a critical factor for success in this service-oriented sector, including Co-operative banking. Meeting the evolving needs of members fosters long-term relationships and sustainable growth. This project seeks to analyze various aspects of customer satisfaction, identify areas for improvement, and develop strategies to enhance the overall banking experience for members.

II. OBJECTIVES:

- To evaluate customer satisfaction with agricultural finance offered by Co-operative societies.
- To identify the key factors that motivate individuals to open accounts in Agricultural Co-operative societies.
- To compare the services provided by commercial banks and Co-operative societies.

III. METHODOLOGY:

The study adopts an analytical approach, utilizing both primary and secondary data. Primary data was gathered through direct interviews with the society's manager, structured interviews with members, and feedback from 50 customers of the Co-operative society. Secondary data was sourced from the internet, Books and Websites.

IV. REVIEW OF LITERATURE:

1. Mani, Saurabh Mishra, & Ashish Dhar (2014)
 Title: *“An Analysis of the Role of Bank Credit in the Development of the Agricultural Sector in Bihar with Special Reference to West Champaran District”*

The study highlights the impact of bank credit, including advancements, reduced loan rates, and fund distribution, on the development of farmers and agricultural sectors. Through an analysis of a specific region, it examines how credit influences farmers' growth and identifies challenges in accessing loans. The research also proposes innovative methods for improving credit delivery using modern technology.

2. DasD. Shah (2007)
 Title: *“Banking Sector Reforms and Co-operative Credit Institutions in Maharashtra: A Synthesis”*

The research identified critical issues affecting rural credit delivery by Co-operatives, including variations in loan advances across regions, rising non-performing assets (NPAs), and low SC/ST coverage. The study emphasized the need for fiscal discipline, reduced transaction costs, and penalties for willful defaults to revitalize the system.

3. B.G. Gaikwad (2011)

Title: *“National Bank for Agriculture & Rural Development in Maharashtra”*

This research explored the evolution of rural banking in India and its pivotal role in supporting the agro-sector. It highlighted how policies and interventions of rural banks contribute to Maharashtra's rural development by addressing the financial needs of the population.

4. G. Ferri (2012)

Title: *“Credit Co-operatives: Challenges and Opportunities in the New Global Scenario”*

The study examined the evolving role of credit co-operatives in a changing global economic landscape. It emphasized the increasing importance of these institutions in promoting a sustainable economy amidst shifting geo-economic dynamics.

5. J. Gupta et al. (2012)

Title: *“A Study on Co-operative Banks in India with Special Reference to Lending Practices”*

Focusing on successful Co-operative banks in Delhi, the study analyzed performance and lending practices. It recommended adopting modern banking technologies like ATMs and online banking to match private-sector standards.

6. R. Bhardwaj et al. (2011)

Title: *“Role of Co-operative Banks in Agriculture Credit: Organization, Growth, and Challenges”*

This research analyzed agricultural credit trends in Co-operative banks between 2001-2007. While overall credit increased, the share in institutional credit declined significantly. The study emphasized controlling NPAs to maintain competitiveness in the credit market.

7. Dilshath (1992)

Title: *“The Extent of Customer Satisfaction with Services Rendered by Nationalized Banks”*

The research revealed customer dissatisfaction at cash counters due to long wait times and the absence of services like investment and

tax advice.

8. Mishra J.K. & Jain M. (2007)

Title: "Diverse Dimensions of Customer Satisfaction in Nationalized and Private Sector Banks"
The study concluded that customer satisfaction is a crucial asset for organizations, fostering long-term relationships and enhancing brand equity.

9. Gupta, A., & Dev, S. (2012)

Customer satisfaction was found to depend on factors like service quality, ambiance, accessibility, and financial aspects. The proximity of the bank and financial factors had minimal impact on satisfaction.

V. DATA ANALYSIS:

Only simple statistical tool, the percentage analysis is used for the study.

Table 5.1: Demographic profiles of the Respondents.

Demographics		No. of Respondents	Percentage(%)
Age (in Years)	Less than 30 years	12	24
	31 to 40 years	19	38
	41 to 50 years	11	22
	50 and above	8	16
	Above 50	18	13.5
Occupation	Agriculture	15	30
	Self-employed	14	28
	Professional	10	20
	Any other	11	22
Family Monthly Income	Less than 25,000	4	8
	₹25,000-₹50,000	7	14
	₹50,000-₹75,000	10	20
	₹75,000-₹1,00,000	5	10
	₹1,00,000-₹1,50,000	9	18
	₹1,50,000 and more	12	24
	Prefer not to disclose	3	6

Source: Primary Data

From the data it can be understood that 24% of the respondents belongs to the age group below 30 years, 38% of the respondents belongs to the age group of 31 to 40 years, 22% of the respondents belongs to the age group of 41 to 50 years and remaining 16% of the respondents are from the age of 50 and above . 30% of the respondents belong to agricultural occupation, 28% of the respondents are self-employed, 20% of the respondents are professionals, 22% of the respondents have chosen their occupation in different fields. Annual income of 8% of the respondents is 25,000. 14% of the respondents are having the annual income of Rs.25,000-50,000. 20% respondents have the annual income of Rs.50,000-75,000. 10%of the respondents are having the income of Rs.75,000-1,00,000. 18% of the respondents are having the income of Rs.1,00,000-1,50,000. Rs.1,50,000 and more annual income is earned by 24% of the respondents. And 6% of the respondents do not prefer to disclose their annual income.

Table No. 5.2: Satisfaction about rate of interest.

Opinions	No. of respondents	Percentage (%)
Very satisfied	22	44
Satisfied	15	30
Neutral	12	24
Dissatisfied	1	2
Very dissatisfied	0	0
Total	50	100

Source: Primary Data

The above table and shows the respondent's satisfaction level of interest rate offered on savings and loan products. Out of 50 respondents 44% of the respondents given opinion that they are very satisfied. 30% of the respondents have given the opinion that they are satisfied with the interest rates while 24% of the respondents are neutral. Remaining 2% of the respondents are dissatisfied about the interest rate. And no percentages of the respondents are very dissatisfied. It indicates that most of the people are satisfied with the interest rates.

Table No. 5.3: Opinion on need of digital services.

Need of digital services	No. of respondents	Percentage (%)
Yes	31	62
No	19	38
Total	50	100

Source: Primary Data

The above table shows the number of the respondents who have given the opinion about the need of digital services in co-operative society. 62% of the respondents gave the opinion that they need digital services while 38% of the respondents gave the opinion that they are comfortable with traditional banking services and they don't need digital services.

Table No. 5.4: Opinion on security measures implemented to protect financial information.

Opinion	No. of respondents	Percentage (%)
Excellent	35	70
Good	10	20
Average	5	10
Poor	0	0
Total	50	100

Source: Primary Data

The above table and chart shows that the most of the respondents that is 70% of customers have the opinion that security measures are excellent, 20% of the respondents believe that implemented security measures are good. Remaining 10% of the respondents feel that

the security measures are average. None of the respondents have given poor opinion about security measures implemented to protect financial information.

Table No.5.5 Satisfaction about speed and efficiency of loan processing and approval.

Speed and efficiency of loan processing	No. of respondents	Percentage (%)
Excellent	40	80
Good	6	12
Fair	4	8
Poor	0	0
Total	50	100

Source: Primary Data

The above table and chart shows the respondent's opinion about speed and efficiency of loan processing and approval. Out of 50 respondents 80% of the respondents have given the opinion that the speed of loan processing and approval is excellent. 12% of the respondents are having good opinion while the remaining 8% of the respondents have the opinion that the speed and efficiency of loan processing and approval is fair. No one is having the poor opinion about its speed and efficiency.

Table No.5.6: Opinion regarding the better banking services between commercial banks and co-operative societies.

Opinion	No. of Respondents	Percentage (%)
Commercial banks	29	58
Co-operative societies	21	42
Total	50	100

Source: Primary Data

The above data representation shows that 58% of the respondents feel that commercial banks provide better banking services than co-operative societies. Remaining 42% of the respondents feel that co-operative societies are better than commercial banks in providing banking services.

Table No.5.7: Respondent's recommendation towards co-operative society.

Recommendation	No. of Respondents	Percentage (%)
Very likely	26	52
Likely	11	22
Neutral	9	18
Unlikely	4	8
Total	50	100

Source: Primary Data

The above chart shows that 52% of the respondents are very likely to recommend the services of the co-operative society. 22% of the

respondents are likely to recommend to others. 18% of the respondents are neutral in recommending the services and remaining 8% of the respondents are unlikely recommend the services.

Table No.5.8: Differences experienced by the respondents at commercial bank and co- operative society.

Opinion	No. of the Respondents	Percentage (%)
Yes	29	58
Sometimes	11	22
May be	10	20
No	0	0
Total	50	100

Source: Primary Data

The above table and chart shows that 58% of the respondents have experienced the difference between the commercial banks and co-operative society. 22% of the respondents have sometimes experienced the difference between the commercial banks and co-operative society. 20% of the respondents might have experienced the difference between the commercial banks and co-operative society. This shows that all the respondents have experienced the difference between the commercial banks and co-operative society.

Table No.5.9: motivating factors for the people to open an account in co-operative society

Opinion	No. of respondents	Percentage (%)
Better service and responsiveness	28	56
Easy loan approval	11	22
High interest rate for deposits	11	22
Total	50	100

Source: Primary Data

The above study shows that according to 56% of the respondent's better service and responsiveness is the motivating factor to open an account in co-operative society. According to 22% of the respondents easy loan approval is the motivating factor to open an account in co-operative society and according to rest 22% of the respondents high interest rate for deposits is the motivating factor to open an account in co-operative society.

VI. FINDINGS:

- Majority of the customers are below 40 years that is 62% and rest 38% of the customers are above 40 years.
- Most of the customers are self-employed and doing agriculture as their occupation.
- 52% of the customers have the annual income of Rs. 1, 00,000 and below and 42% of the customers have the income of Rs. 1, 00,000 and above.
- The customer usually takes agriculture loan, gold loan, vehicle loan, housing loan from the Agricultural Co-operative society.
- Most of the customers prefer short term and medium-term loan.
- There are most customers using the service from the 5 years.
- The customer likes the services provided by the society staff.

- There is less interest rate for agricultural loans.
- Most of the customers have benefited from the loan. They have made proper utilisation of loan amount so their standard of living has increased.

VII. SUGGESTIONS:

- ✓ Expand services to a few more villages.
- ✓ Undertake promotional effort.
- ✓ Hire more staff to the society.
- ✓ More types of loans can be provided.
- ✓ Many people want online banking facility and services from the bank, so bank should replace procedures with technological alternatives.

VIII. CONCLUSION:

The study will explore the impact of customer satisfaction on the existing system and how far the customers are satisfied with the performance of agricultural co-operative society, Yedapadavu. This society accepts both loans and deposits. The primary objective of the society is providing agriculture loans to its members. The interest rate of agricultural loans is 0% and 3%. It depends on why the customer borrowed the loan. Purpose of providing agricultural loans is to help the farmer by providing financial services to them. It will be helpful to customer to improve their standard of living.

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