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A STUDY ON CUSTOMER SATISFACTION TOWARDS GOLD LOAN WITH SPECIAL REFERENCE TO MUTHOOT FINCORP PRIVATE LIMITED

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Abstract

The research aims to study on customer satisfaction towards gold loan using demographic factors like age, marital status of the borrowers. In India, people are showing interest to buy gold for different purpose; especially it helps for loan purpose. Gold loan is a secured loan by depositing gold in a financial institution as collateral security. Researchers were collected data from Muthoot Fincorp customers. The study used One-way ANOVA & T-test for analyzing the data. The findings showed that marital status has no significant impact on whether or not a person applies for a gold loan at Muthoot Fincorp. From the study, it is observed that between gender and service offered by Muthoot Fincorp doesn't have significance with respect to their satisfaction level.

Keywords: Customer Satisfaction, Gold Loan, Non-Banking Financial Company

INTRODUCTION

India is said to be magnificent and rich in culture because it is home to many people of diverse religions and numerous languages are spoken there. It is a unique nation that simulates a variety of societies. Blazy, R., & Weill, L. (2013) Indian culture is the legacy of social norms, moral qualities, celebrations, antiques, old and advanced technologies that are related with the solidarity in variety. Malarvizhi, P. V., & Angel, A. (2011) India's religions, dialects, customs, traditions, dance, and food vary from one place to another place. Gold is viewed as a status of image, indication of wealth, flourishing and influence. Particularly in India, gold addresses riches and flourishing. Gold structures a significant piece of marriage capabilities. Cwynar, A et al., (2016) study states that the decorative worth of gold makes it considerably more valuable. Gold jewels have long been given as gifts during weddings, baby showers, and other celebrations of marriage in India. Gold is regarded as a form of speculation and a reserve fund that could come in handy for a family in the event of a severe financial disaster.

FOOTPRINT OF INDIAN GOLD LOAN

The southern region of the country is where gold loans first appeared. Moneylenders have historically lent peasants' money for their gold for important functions like weddings. The borrowers were almost always known to the lenders, gold was accepted as collateral. It was a simpler approach for an individual to obtain loans quickly V Ananthkrishnan (2010).

In southern states, the almost all private banks offered loans with gold jewellery as collateral because

1) These banks were not yet extensively dispersed; it was easy

- for them to reach public.
- 2) Other advancements called for assessment methods, which small banks lacked.
- 3) There were huge profit margins.
- 4) There was enough security (margins of up to 50%).

These loans were the main source of growth for these banks' loan books and ticket sizes. In those days, banks have a good name with an expansion in client base, improved earnings, and rapid development. Their customer service was first-rate. When interest rates and gold market prices began to rise, concerns began to emerge.

There were no interest-leverage activities back then, and these loans were regarded as short-term borrowings. The strong rooms of different banks were where the ornaments were kept. Many of the depositors lost their money when the financing companies—known as "Blade companies"—that were also accepting deposits and managing chit funds in Kerala and Tamil Nadu broke in the early 1980s. Few banks provided some discipline to the entire

gold lending process and created some standards. Santhimol, M. C., & Joseph, J. (2019) study states that these organisations started to have problems as a result of the unsuitable management strategy they were using at the time. At the time, some companies use this as an opportunity to buy the gold that had been pledged by holding an auction and selling it for a more affordable price.

REVIEW OF LITERATURE

Manu, M., & Thattil, G. S (2018) claims that microfinance is a tool for people's socioeconomic growth. It supports women in starting or participating in self-employment projects, enabling them to produce money, accumulate wealth, and escape poverty.

But for most women, especially those from rural regions, the biggest issue is access to finance. Of course, the government and RBI actively advice and support the banking industry in India as it works to increase financial inclusion. Nishad Nawan and Sudindra (2013) study examined the different types of gold investments, factors should know about, investment skill and advantage & disadvantage of gold investment. The review presumes that numerous financial backers lean toward jewellery, gold coins than Trade exchanged reserves. Santhimol, M. C., & Joseph, J. (2019) study states that Non-Banking Financial Company (NBFC), according to the author, is a firm registered under the Companies Act of 1956 that specialises in loans and advances. More than 200 small and major NBFCs exist in India. The number of NBFCs making loans with gold as collateral is increasing. These NBFCs lend consumers money at interest rates that are just a little lower than those of traditional banks while keeping the jewellery or gold coins they own as collateral. Arunasree, B (2021) study to determine the rationale for taking out a gold loan using primary data that was gathered through questionnaires in Andhra Pradesh's backwards area. Currently, public, private, and cooperative banks offer gold loans. The current study is based on the purpose of gold loans, and it was conducted in Andhra Pradesh's economically depressed Vizianagaram district. 400 samples were collected throughout the district for this study, which also used various demographic factors like gender, age, income level, and occupation. Baur, D. G., Gopalakrishnan, B., & Mohapatra, S. (2022) study investigates if this role is also represented in the relationship between stock prices and gold prices, i.e., do stock prices change in response to changes in gold prices, and if so, which industries and companies move in response more than others? The majority of Indian stocks do not respond to changes in the price of gold, with the exception of those that are connected to consumer sentiment, such as retail stocks and retail finance companies, according to the empirical examination of 125 sectors and 500 stocks. Shetty, M. V., & Sujatha, K. S (2022) study had done among top five private bank gold loan providers namely HDFC, ICICI, Axis, Kotak Mahindra, and Yes Bank. The results show that private banks help their customers by understanding their attitudes toward gold loans, or their perceptions of the services provided by banks. Singavarapu, A. (2014) Gold is a priceless golden metal that humanity has had a long and incredibly intimate relationship with. Gold is viewed as a symbol of cleanliness and good fortune. Utilization interest and speculative interest are the two main factors driving gold interest Malarvizhi, P. V., & Angel, A. (2011).

OBJECTIVES OF THE STUDY

The main objectives of this study are:

- I. To study the satisfaction level and to find which region customers opt for gold loan.
- II. To study the various schemes launched by the organization and their responses from the customers, which directly helps to know the preferences of the customer.
- III. To find out the gap between presumed rate of satisfaction and actual rate of satisfaction which is experienced by the customers in particular region.

RESEARCH METHODOLOGY

Primary Data: Primary data will be collected from the customer of Muthoot Fincorp Ltd by designing questionnaires through

Google forms.

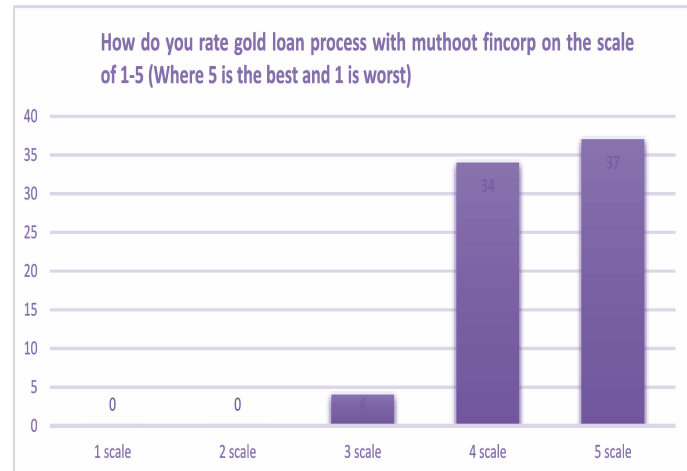
Secondary Data: The secondary data is taken from magazines company's, website and research papers. Sample Size – 75

Tools of Data Collections: Google form is used as a tool for the collection of the data.

Data Analysis: The data were analysed using statistical tools One-way Anova & percentage analysis for this study.

Research Questions: 1

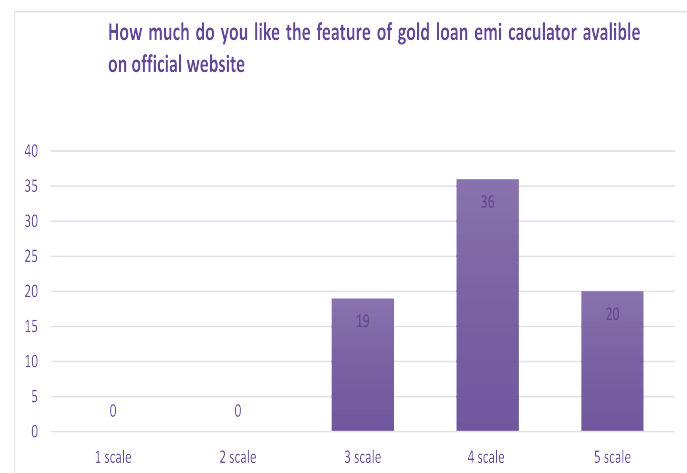
Figure 1: Rating of gold loan process with Muthoot Fincorp



Interpretation – Out of 75 response's 37 people given the rating of 5 out of 5 ,34 people has given the rating of 4 out of 5, few i.e., 4 people has given the rating of 3 out of 5, for the overall rating for the gold loan process of Muthoot Fincorp.

Research Question: 2

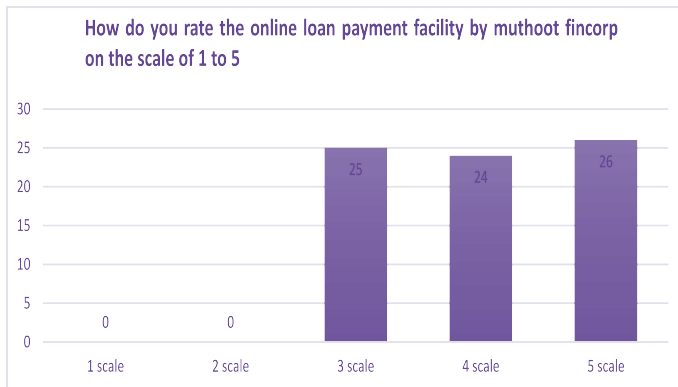
Figure 2: Rating of features like gold loan EMI calculator in official website



Interpretation – Out of 75 response's 20 people given the rating of 5 out of 5 ,36 people has given the rating of 4 out of 5, &4 people has given the rating of 3 out of 5, for the gold loan EMI calculator which is available on the official website of the company.

Research Questions: 3

Figure 3: Rating of Online loan payment facility in Muthoot Fincorp



Interpretation - Out of 75 response's 26 people given the rating of 5 out of 5 ,24 people has given the rating of 4 out of 5, & 25 people has given the rating of 3 out of 5, for the online loan payment facility by Muthoot Fincorp.

Research Question: 4

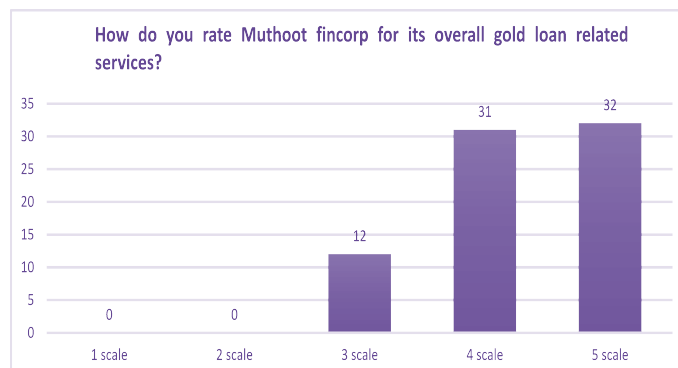
Figure 4: Rating of loan amount sanctioned at Muthoot Fincorp



Interpretation - Out of 75 response's 25 people given the rating of 5 out of 5 ,36 people has given the rating of 4 out of 5, & 14 people has given the rating of 3 out of 5, for the loan amount sanctioned at Muthoot Fincorp when compared with other gold loan companies.

Research Question: 5

Figure 5: Rating of gold loan related services in Muthoot Fincorp



Interpretation - Out of 75 response's 25 people given the rating of 5 out of 5 ,36 people has given the rating of 4 out of 5, & 14 people has given the rating of 3 out of 5, for the overall gold loan related services provided by the Muthoot Fincorp.

HYPOTHESIS

Marital Status with the Purpose of taking Gold Loan at Muthoot Fincorp

H0 – There is no significant impact of marital status with the purpose of taking gold loan at Muthoot Fincorp.

H1 - There is a significant impact of marital status with the purpose of taking gold loan at Muthoot Fincorp.

Table:1 Anova: Single Factor

SUMMARY				
Groups	Count	Sum	Average	Variance
Column 1	2	12	6	8
Column 2	2	14	7	8
Column 3	2	24	12	18
Column 4	2	25	12.5	40.5

Table: 2 Anova

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	67.375	3	22.458	1.205	0.414	6.591
Within Groups	74.5	4	18.625			
Total	141.875	7				

Interpretation – The null hypothesis (H0) is accepted and the alternative hypothesis (H1) is rejected since the P-value we obtained using ANOVA is 0.414, which is higher than the significance value of 0.05. Therefore, the marital status has no significant influence on the decision to apply for a gold loan at Muthoot Fincorp.

Level of Satisfaction with Respect To The Gender

H0 – There is no significant difference in the level of satisfaction with respect to the gender & over all services offered by the Muthoot Fincorp.

H1 - There is a significant difference in the level of satisfaction with respect to the gender & over all services offered by the Muthoot Fincorp.

Table: 3 T-Test: Paired Two sample for means

	Variable 1	Variable 2
Mean	9.66	15.33
Variance	46.33	25.33
Observations	3	3
Pearson Correlation	0.80	
Hypothesized Mean Difference	0	

df	2	
t Stat	-2.42	
P(T<=t) one-tail	0.06	
t Critical one-tail	2.91	
P(T<=t) two-tail	0.13	
t Critical two-tail	4.30	

Interpretation – The P-value (two tail) we got using t-test is 0.1358 is higher the significance value that is 0.05, therefore null hypothesis (H0) is accepted. As a result, there are no significant differences in the degree of satisfaction with respect to gender & the overall services provided by Muthoot Fincorp.

DISCUSSION

From the study, we can find that whenever a person needs emergency money then he will first think of gold loan rather than any other loans. The reason behind taking gold loan is for family requirement or for educational requirement or for medical requirements. The documentation process required for the gold loan purpose from the Muthoot fincorp is very less and the loan process is very easy, and it requires very less time to get a golden from Muthoot Fincorp. Most of the people are not that satisfied with the online payment interface of Muthoot Fincorp, the company needs to improve them in the online payment system. We can make a note that the loan closure system at Muthoot Fincorp is fast as one can easily pre-close loan by making necessary payments. When it comes to interest-rate Muthoot Fincorp is one of the top players in the field of gold loan segment, which can be easily observed from this study. When it comes to non-banking financial companies, the Muthoot Fincorp plays a vital role in the market, even though there are many popular players in the industry. Customers strongly believe in Muthoot Fincorp for its excellent services.

Even though the Muthoot Fincorp is not listed in stock market they raise the capital from the general public in the form of NCDs (Non-Convertible Debentures). The interest rate offered by the Muthoot Fincorp on their loan is low, when compared with other players in the industry. The Muthoot Fincorp will also provide a lot of other services like insurance, vehicle loan, gold ornaments selling, and business loan for MSME sector etc.

LIMITATIONS OF THE STUDY & CONCLUSION

The Muthoot Fincorp must focus on its advertisement strategy, there is no doubt the company is making good promotions in the form of campaign, door to door surveys in the offline mode i.e., in the local markets, but the company needs to promote itself in the online platform also, if the company needs to attract more customers it has to be increased its online promotions in the form of YouTube ads, local tv ads etc. Thus, it may be said that one of India's fastest-growing business is gold loans. George, J., & Kurian, (2014) study states that Gold Loan NBFCs serve the need of the poor and middle class to keep up their economic life, as they otherwise are not eligible to get credit from the banks. The

tendency for using NBFCs to obtain gold loans is growing as of late because they offer a sufficient sum for the gold jewelry pledged and even quicker disbursement times. As a result, the borrowers pay their bills in an emergency. The Muthoot Fincorp is one of the top players in the gold loan segment of the market; as a result, the company has enormous potential to rise to new heights. The majority of customers who choose gold loans at the Muthoot Fincorp Raichur are between the ages of 22 and 35; this indicates that many members of the younger generation are choosing loans; if the company can meet the needs of this demographic, it will benefit the business. One of the best things about the Muthoot fincorp is that its customer service is the

best, the company offers the best customer services when compared with the other gold loan providers in the market, because of its services the customer satisfaction level increases.

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