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PERFORMANCE OF UCB AND CUSTOMERS SATISFACTION TOWARDS TUCBL

Dr. S.A Mohamed Ali[1], Ms. Najma B[2]
[1]*Principal, CMS Academy of Management & Technology, Coimbatore-49.*
[2]*Research Scholar, CMS Academy of Management & Technology. Coimbatore -49.*

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ABSTRACT
UCB (Urban Cooperative Banks) as part of cooperative banking are deemed as the integral part of Indian economic growth. UCB channelise the deposits and saving accumulated into productive loans extended to small and medium scale business ventures. UCBs offers prime banking service to the urban poor i.e., both banking and financial assistance. This research article assessed performance of UCBs and various categories of customers satisfaction towards UCBs is assessed. The study considered 410 TUCBLs (Tirchur Urban Cooperative Limited) customers as sample. The article findings confirmed that 81.80 per cent are pleased with the TUBL staff behaviour towards their customers, they also appreciated the account opening procedure followed by TUBCL (80.40 per cent) and account closing procedures (78.20 per cent). The article also found that there exists association between nature of deposits owned, loan borrowed and services availed by TUCBL customers and their satisfaction towards overall services cum performance of TUCBL. The article concluded with the note that definitely, with able governance and controlling mechanism adoption the UCBs can perform well and support of the apex financial regulation agencies and RBI. In addition, customers play a greater role in sustainability of the UCBs, with their patronage UCBs functioning in Kerala can achieve new highest and new mile-stones.
KEY WORDS: *Cooperative Bank, Urban Cooperative Bank, Customers Satisfaction.*

INTRODUCTION

Cooperative movement aims to promote fairness, friendship, humanity, being empathy towards community and concern for upliftment of the socio-economic status of the poor. In relevance to this objective, cooperative movement plays a major role in upliftment of socio-economic status of marginal poor men and women throughout the Kerala state. Through cooperative societies number of employment opportunities are created to the people of Kerala (Anubumani, 2007). UCB (Urban Cooperative Banks) as part of cooperative banking are deemed as the integral part of Indian economic growth. UCB channelise the deposits and saving accumulated into productive loans extended to small and medium scale business ventures. UCBs offers prime banking service to the urban poor i.e., both banking and financial assistance. The UCBs operative with the feature of simplicity, complete involvement and ultimate commitment to its members cum customers (Khan, 2018). UCBs functioning in Kerala are observed to be showcasing better financial performance, efficient in loan recovery, retaining health assets quality, maintaining valuable capital adequacy status, adequately liquidating and earning enough profits (Amala and Kumar, 2021).

RATIONALITY OF THE STUDY

UCBs caters to the various banking needs of the untouched section of the society and promotion their small business ventures and SHGs (Self-Help Group) operations. UCBs functions are primarily encircled with their customers and operative for collective benefits. UCBs has number of merits and it exists even before the formal banking system was established in the country. Yet, till date UCBs on the whole holds only three (3) per cent share in the banking operations in the country and it faces stiff competition from both public and private sectors banks in term of offering high-end services to their customers and in retaining their customer bases.

AIM OF THE PAPER

This research article assessed performance of UCBs and various categories of customers satisfaction towards UCBs is assessed.

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HYPOTHESIS

- There exists association between nature of deposits owned, loan borrowed and services availed by TUCBL customers and their satisfaction towards overall services cum performance of TUCBL.

METHODOLOGY

For the construct of this article author adopted mixed research techniques i.e., qualitative analysis i.e., literatures assessment of the study concepts and theoretical discussion and qualitative analysis for data assessment and analysis. The study considered 410 TUCBLs (Tirchur Urban Cooperative Limited) customers as sample.

LITERATURE SURVEY

Literature survey through light on the study concept and support the researcher in better understanding of the study topic and various factors /dimensions that influences the study variables. A brief summary of the literatures collected for the study are presented in this portion.

(i) Operative Performance of UCBs in India

Importance of UBCs is emphasised, Ramu (2013) highlights the features of the UCBs functioning in India. The author says that the UCBs functioning in India are formed as "Unit Banks" adopting the American bank model and it is not based on the British Bank Model i.e., branch banking system. Mayilvaganan and Soundararajan (2013) says that in the recent years UCBs have adopted three-prime financial inclusion strategies of SCBs i.e., adoption to banking correspondents' practices, enabling no-frill accounts and promoting micro-financing activities. Chandrashekar (2015) claim that UCBs plays a crucial role in adoption and promotion of financial inclusion. Balwinder and Soni (2015) registered that satisfied customers plays a superior role in promotion, long-exciting relationship and competitive status of UCBs. Tripathy et al., (2021) summarised that cooperatives functioning in Kerala are observed to be very competitive and well performing in nature.

On a Negative note, Giram (2014) claims that UCBs functioning are more hindered by the political interfaces' effects the growth and health performances of these banks. To ensure its growth and support to the urban poor, the authorities have to focus on need more professional managements and adoption of effective operation controlling mechanism. Agrawal (2017) concluded that UCBs have to free from the restriction of co-operative system to realise self-reliant and being self-supportive. Raju (2018) inferred that UCBs faces number of challenges that effects its financial health and issues created due to poor governance. In addition, the base norm of UCBs that functioning on mutual lending of credit between UCBs that are failed to monitored, controlled and collected. As per Paul and Selvakumar (2020) though UCBs pays crucial role in extending credit to the urban poor. Yet Financial performance of UCBs is observed to be less comparative compared to the both public and private sectors banks functioning in India. The performance of the UCBs is found to be excellent in certain parameters and it falls below the bench marks in certain parameters.

On a positive note, Pai et al., (2023) found that the UCBs functioning in Ernakulam districts depicts a positive performance, each UCBs have exemplary high performance in one or other parameters, thus, their performance varies from one UCB to others. Financial performance of UCBS functioning in Mattancherry is ranked as the high and followed by performance of UCBs functioning in Muvattupuzha has recorder as second and The UCBs functioning in Kerala has greater potentials of growth in the near future in Kerala.

(ii) Customers Satisfaction towards UCB Services

Sharma (2016) identified that the prevails wider gap between customers expectation and satisfaction towards performances and services offered by UCBs functioning in Pune. Sharmi and Prabhakar (2017) concluded that the customers value high the relationship with them by the IUCB employees, nature of service to them and professional practice of IUCB. Sujith and Sumathy's (2019) article summarised that customers satisfaction towards primary lending agencies varies from one to another based on the different dimensions of operations like: location of the society, interest rate, behaviour of staff and long-term relationship build etc. Kulkarni and Metre (2020) also claims that customers expressed their satisfaction towards their banks in different dimensions or say parameters. Sukthankar et al., (2020) noted that customers of Goa UCB were satisfied with overall services offered by the Goa UCB, its profit earning capacity and operating income earned. Kundaragi (2021) study concluded that farmers the customers of UCBs expressed higher degree satisfaction with the tangible features of UCBs functioning in their district, followed by its service features like: assurance of UCBs, staff behaviour i.e., their empathy towards the customers, being responsive to the farmers queries and offering highly reliable service. Arya and Thapa (2024) found that UCBs customers were satisfied with the interest charged on loans, variety of banking service offered, documentation process adhered, grievances redressal practices and time taken in loan approval.

Continuity and survival of the UCBs are purely depended on its members support and retaining them satisfied to the maximum extent. Even though UCBs operates in small number and individual unit performance are different from one another, it plays a

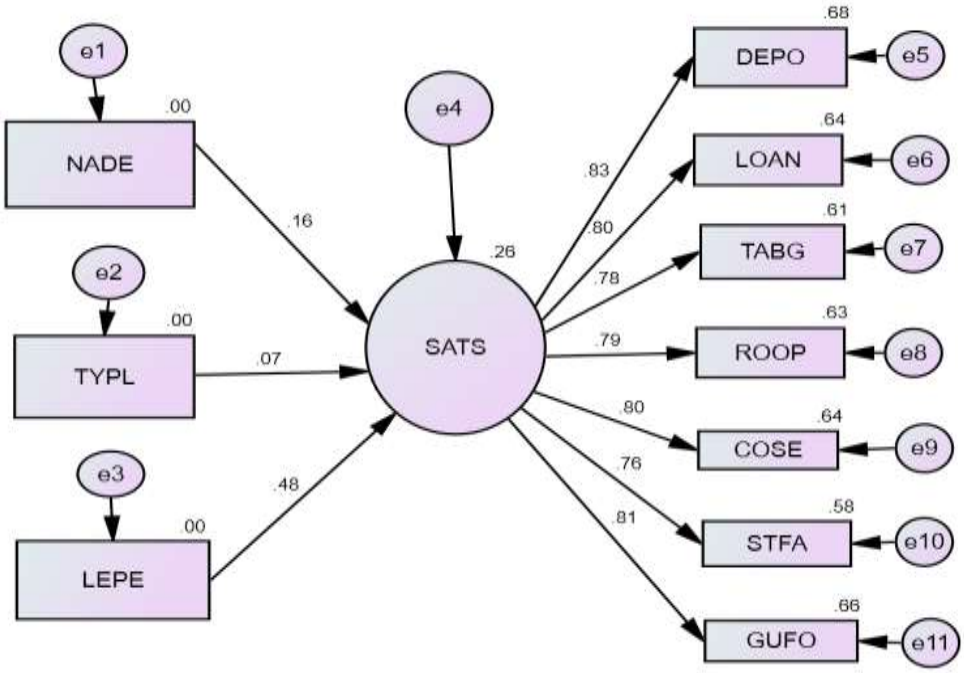
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crucial role in promoting the financial inclusion programme of the Government of India and in addressing the financial issues of the neglected section of the society i.e., poor cum small traders, business and urban households. Definitely, with able governance and controlling mechanism adoption the UCBs can perform well and support of the apex financial regulation agencies and RBI.

RESULTS AND DISCUSSIONS

Participation in the Co-operative societies' operation is part of Indian culture and these societies actively functioning in upliftment of the socially vulnerable and excluded section of the society. UCBs aims to mobile funds from its members and non-members, extent credit facilities to the small borrowers at comparatively lower interest, offer safety lockers and other banking services to its customers. In a survey conducted among 410 TUCBL customers, it was noted that 42.93 per cent of the samples were men and 42.07 per cent of the samples are women. Over, 53.17 per cent of the samples are in the age group of 26-35 years and 13.66 per cent of the samples are aged between 36-45 years. Above 51.95 per cent of the samples are graduates. It was observed that above 54.15 per cent of the customers operate account in TUCBL for the past three years and just 10.49 per cent of the samples operate accounts in TUCBL for the past 10 years or more. Different type of deposits is owned by TUCBL customers of which majority i.e., 59.27 per cent own a saving account and 27.32 per cent own a current account. Over, 32.78 per cent of the TUCBL customers have borrowed personal loan, 17.56 per cent have owed jewel loan and 11.95 per cent have borrowed vehicle loan. The study confirmed that 81.80 per cent are pleased with the TUBL staff behaviour towards their customers, they also appreciated the account opening procedure followed by TUBCL (80.40 per cent) and account closing procedures (78.20 per cent).

EXHIBIT: 1.1
ASSOCIATION BETWEEN UCBS BANKING PRACTICES AND THEIR SATISFACTION TOWARDS SERVICES



Note: NADE- Nature of Deposit Operation, TYPL- Type of Loan, LEPE- Level of Perception on Convenience, DEPO- Deposits, LOAN- Loans, TABG- Tangibility, ROOP- Routine Operational Factors, COSE- Counter Services, STFA- Staff Factors, GUFO- Guidance Facility and Other Services.

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TABLE: 1
CONFIRMATORY FACTOR ANALYSIS CHI-SQUARE RESULT AND GOODNESS OF FIT INDICES OF THE PROPOSED MODEL

Fit Indices	Obtained Value	Accepted Thresholds Levels	Acceptable Value
2 (CMIN)	98.064	NA	NA
DF	35	NA	NA
P	.000	NA	NA
Scaled 2/df	2.802	<0.05	<0.05
Goodness of Fit Index (GFI)	.875	Value Greater than 0.95	0-1
Adjusted Goodness of Fit Index (AGFI)	.803	Value Greater than 0.95	0-1
Tucker-Lewis Index (TLI)	.862	Value Greater than 0.95	0-1
Comparative Fit Index (CFI)	.893	Value Greater than 0.95	0-1
Normed Fit Index (NFI)	.880	Value Greater than 0.95	0-1
Parsimonious Normed Fit Index (PNFI)	.884	0=Poor Fit, 1=Good Fit	0-1
Parsimonious Comparative Fit Index (PCFI)	.894	0=Poor Fit, 1=Good Fit	0-1
Relative Fit Index (RFI)	.845	0=Poor Fit, 1=Good Fit	0-1
Incremental Fit Index (IFI)	.893	0=Poor Fit, 1=Good Fit	0-1
Root Mean Square Approximation Method (RMSEA)	.001	Range between 0.05-0.08	.05 or less would indicate a close fit of the model

Level of Significance: 5 % , Minimization : .016 Miscellaneous : .406, Bootstrap: .000, Total: .422

The CFA results are presented in Table: 1 and Exhibit: 1. The fit indices indicate that the measure has a good fit overall. On the basis of these measurements, the result of the study shows that the proposed model has a Good data fit χ^2 (CMIN) = 98.064 (p=.000), GFI=.875, AGFI=.803, TLI=.862, CFI=.893, NFI=.880, PNFI=.884, PCFI=.894, RFI=.845, IFI=.893, RMSEA=.001, indicative of a good fit, although not all of the values to the right of the observed variables represent standardised factor loadings (β), it is represented in the following Table: 2.

TABLE: 2
CONFIRMATORY FACTOR ANALYSIS PATH ANALYSIS STRUCTURE MAXIMUM LIKELIHOOD –REGRESSION WEIGHTAGE

Path			Unstandardised Estimates	Standardised Estimates	S.E	C.R	P Value	Relationship
SATS	<---	NADE	.129	.163	.037	3.459	**.000**	**Significant**
SATS	<---	LEPE	.430	.476	.046	9.362	**.000**	**Significant**
SATS	<---	TYPL	.022	.074	.014	1.528	**.000**	**Significant**
COSE	<---	SATS	.900	.802	.045	19.911	**.000**	**Significant**
ROOP	<---	SATS	.801	.793	.042	18.984	**.000**	**Significant**
DEPO	<---	SATS	1.000	.827	.041	12.563	**.000**	**Significant**
LOAN	<---	SATS	.909	.801	.045	19.986	**.000**	**Significant**
TABG	<---	SATS	.858	.779	.046	18.688	**.000**	**Significant**
STFA	<---	SATS	.871	.760	.049	17.837	**.000**	**Significant**
GUFO	<---	SATS	.942	.811	.048	19.570	**.000**	**Significant**

Level of Significance: 5 per cent

Association between customers perception towards UCBS banking practices and their satisfaction towards services was assessed the inter-correlation between the variables are tested as: SATS vs NADE (β=.163, p=.000), SATS vs LEPE (β=.476, p=.000) and SATS vs TYPL (β=.074, p=.000). The intra-correlation between the variables of satisfaction were summed as: COSE vs SATS

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(β=.802, p=.000), ROOP vs SATS (β=.793, p=.000), DEPO vs SATS (β=.827, p=.000), LOAN vs SATS (β=.801, p=.000), TABG vs SATS (β=.779, p=.000), STFA vs SATS (β=.760, p=.000), GUFO vs SATS (β=.811, p=.000) are positively correlated and found to be significant. Therefore, the hypothesis framed is accepted that there exists association between nature of deposits owned, loan borrowed and services availed by TUCBL customers and their satisfaction towards overall services cum performance of TUCBL.

CONCLUSION

UCBs plays a valuable role in enhancing financial inclusion and act as a barricade in protecting the poor and vulnerable urban and semi section of the society in the clutches of high interest charging money lenders. In addition, it offers number of banking services in par with an SCB. Continuity and survival of the UCBs are purely depended on its members support and retaining them satisfied to the maximum extent. Even though UCBs operates in small number and individual unit performance are different from one another, it plays a crucial role in promoting the financial inclusion programme of the Government of India and in addressing the financial issues of the neglected section of the society i.e., poor cum small traders, business and urban households. The article findings confirmed that 81.80 per cent are pleased with the TUBL staff behaviour towards their customers, they also appreciated the account opening procedure followed by TUBCL (80.40 per cent) and account closing procedures (78.20 per cent). The article also found that there exists association between nature of deposits owned, loan borrowed and services availed by TUCBL customers and their satisfaction towards overall services cum performance of TUCBL. The article concluded with the note that definitely, with able governance and controlling mechanism adoption the UCBs can perform well and support of the apex financial regulation agencies and RBI. In addition, customers play a greater role in sustainability of the UCBs, with their patronage UCBs functioning in Kerala can achieve new highest and new mile-stones.

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