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AN ANALYSIS OF THE EFFECTIVENESS OF FINANCIAL
PRODUCTS AND SERVICES OFFERED BY MUTHOOT
FINANCE

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Keywords

Services, Finance,
Customer Satisfaction

Abstract

Quality of services is critical for the growth and development of enterprises in the service sector. In India, both public and private sector banks offer various loans. Muthoot Finance, a Non-Banking Financial Company (NBFC), functions under the guidelines of the Reserve Bank of India (RBI) and offers a variety of financial services. The quality of service provided by Muthoot Finance significantly influences customer satisfaction and service preferences. This study, titled “**Services Provided by Muthoot Finance with Special Reference to mandya District**”, aims to assess the quality of services and customer satisfaction in this region.

1. INTRODUCTION

Muthoot Finance Limited is a prominent Indian financial corporation, recognized as the largest gold financing company in the world. Besides gold loans, the company offers services including foreign exchange, money transfers, wealth management, travel and tourism assistance, and the sale of gold coins.

As per RBI guidelines, a Non-Banking Financial Company (NBFC) is registered under the Companies Act of 1956 and is engaged in loans and advances, acquisition of securities, leasing, hire-purchase, insurance, and chit fund business. NBFCs do not include institutions primarily involved in agricultural, industrial activities, or in the sale, purchase, or construction of immovable property.



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2. REVIEW OF LITERATURE

- **Mengi (2009)**: Compared service quality perceptions of public and private sector banks in Jammu using the SERVQUAL model. Found that public sector banks showed higher customer satisfaction and recommended improvements across all five SERVQUAL dimensions.
- **S. Arun Kumar et al. (2010)**: Studied service quality in Indian private retail banks. Found *responsiveness* and *reliability* to significantly affect customer satisfaction, while *assurance*, *empathy*, and *tangibility* were less influential.
- **Vincent Charles et al. (2010)**: Investigated service quality differences between conventional and Islamic banks. Found minimal differences in expectations but notable variances in perceived tangibility and convenience.
- **Anam Iqbal et al. (2011)**: Analyzed the impact of service quality on consumer satisfaction and behavioral intentions, validating the SERVQUAL dimensions' influence on customer feelings and satisfaction.
- **Wang, Chia Nan et al. (2014)**: Evaluated consumer satisfaction in Vietnamese banks using the SERVQUAL model. Found that *reliability* and *tangibility* positively influence satisfaction, while *responsiveness* was linked to dissatisfaction.

3. METHODOLOGY

➤ Area of Study

The study focuses on K.M.Doddi in Mandyai District, Karnataka

Data Collection

Both **primary and secondary data** were used.

- *Primary data* was collected through structured schedules.
- *Secondary data* was sourced from journals, official websites, and other relevant literature.

Sample Design

A sample of **50 respondents** was selected using **simple random sampling** from Marthandam town.

Scope of the Study

This study explores the services provided by **Muthoot Finance** and aims to evaluate the **satisfaction levels of regular customers** who frequently use services offered by the Muthoot George Group.

4. OBJECTIVES

- To analyze the level of customer satisfaction regarding the quality of services provided by Muthoot Finance.
- To assess customer awareness about the products and services offered by Muthoot Finance.



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5. ABOUT MUTHOOT FINANCE

Muthoot Finance Limited is the largest gold financing company in India in terms of loan portfolio. It is classified as a **Systemically Important Non-deposit Taking NBFC**, headquartered in Kerala. Founded in 1939 by **M. George Muthoot**, the business has evolved over 75 years and traces its heritage to 1887 through trading activities initiated by **Ninan Mathai Muthoot**. It provides secured personal and business loans against gold jewellery, serving individuals without access to formal credit. The company is listed on the **National Stock Exchange (NSE)** and **Bombay Stock Exchange (BSE)**.

➤ Services Offered by Muthoot Finance

1. Gold Loan

- Quick disbursal with minimal documentation
- Loan amounts starting from ₹1,500, no upper limit
- Pre-payment without penalty
- In-house gold evaluation and safe custody

2. Gold Coin Sales

- 999 purity / 24-carat coins in various denominations (0.5g to 50g)
- No-interest EMI through the *Kanaka Vrishty Scheme*
- Available across 4,200+ branches nationwide

3. Money Transfer

- Partnered with Western Union, MoneyGram, Xpress Money, and others
- Branch-based payouts for domestic and international transfers

4. Forex Services

- Competitive rates
- Major currency exchange
- Travel currency cards at no extra cost
- Fast remittance services

5. Housing Finance

- Loans up to ₹50 lakhs
- LTV ratio up to 90%
- Interest starting from 12.5% per annum (floating)

6. TravelJango

- Airline tickets (domestic/international)
- Visa services and Hotel bookings

7. Insurance Services

- Policies including Money Back, Health Plans, Child Education, Pension Plans

8. PAN Card Services

- Authorized PAN card application services via UTI partnership
- Available at all branches

9. Mutual Funds

- Investment options through trusted fund houses
- Tailored to individual financial goals

10. Personal Loans



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- Quick disbursement for personal and family financial needs
- Trusted loan services backed by decades of experience

Data Analysis:

Table 1: Demographic profile of the Respondents

characteristics		No.of.Respondent	percentage
Total No.of Respondents		50	100
Gender	Male	18	36
	Female	32	64
	Total	50	100
	25 and below	2	4
	26-35	20	40

Age	35-45	12	24
	Above 45	16	32
	Total	50	100
Qualification	Graduate	16	32
	Post graduate	13	26
	Under graduate	21	42
	Total	50	100
Monthly Income	Below Rs.5000	26	52
	Rs.5000-10000	15	30
	Rs.10000-20000	4	8
	Above Rs. 20000	5	10
	Total	50	100

Interpretation: The demographic data presented in the table indicates that 36 percent respondents were male and 64 percent were female. whereas 4 percent respondent in the age category 25 and below, 40 percent respondents in the age group 26-35, 24 percent of the respondents came in the age group 36-45. 32 percent belong to age category 45 and above. Educational profile of the respondents indicates that 32 percent are graduate, 26 percent respondents are post graduate, and 42 percent respondents are under graduate. The analysis also reveals that 52 percent of the respondents had a monthly income of Rs. 5000 below, 30 percent fell in the income category of Rs.5000-10000. 8 percent respondent in the income category of Rs.10000- 20000. only 10 percent were in the category of Rs. 20000 and Above.



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Table 2: Influences to use the Muthoot George services

source	Frequency	percent	Valid percent	Cumulative percent
TV Advertisement	19	38	38	38
Newspaper	10	20	20	58
Hoardings and Banners	5	10	10	68
Friends and Relatives	16	32	32	100
Total	50	100	100	

Interpretation: From the above table, it analyses that 38 percent respondents are influenced by TV advertisement 32 percent respondents influenced by friends and relatives, 20 percent respondents were influenced by newspaper and 10 percent respondents were influenced by hoardings and banners.

Table 3: Select Muthoot finance service facilities

Services	Frequency	Percent	Valid percent	Cumulative percent
Efficient customer service	14	28	28	28
Problem solving	9	18	18	46
Simple procedure for loan sanctioning	8	16	16	62
Reasonable interest	19	38	38	100
Total	50	100	100	

Interpretation: The above table indicates that 38 percent respondents select the Reasonable interest, 28 percent respondents due to Efficient customer service, 16 percent respondents due to simple procedure for loan sanctioning, 18 percent respondents due to problem solving.

Table 4: Customer Satisfaction of Muthoot Finance gold loan

Source	frequency	percent	Valid percent	Cumulative percent
Time taken processing of Loan	7	14	14	14
Procedure for loan amount	11	22	22	36
Depreciation of underlying assets	4	8	8	44
Quick disbursement of money	10	20	20	64
Suitability of loan to Financial needs	1	2	2	66
Low interest charges	9	18	18	84
Safety of the assets	7	14	14	98



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Loan repayment Procedure	1	2	2	100
Total	50	100	100	

Interpretation: From the above table it is clear 22 percent of the respondents were satisfied due to procedure for loan amount, 20 percent respondents were satisfied due to quick disbursement of money, 18 percent respondents were satisfied due to low interest charges, 14 percent respondents were satisfied due to time taken processing loan and safety of assets, 8 percent respondents were satisfied due to Depreciation of underlying assets, 2 percent respondents were satisfied due to suitability of loan to financial needs and loan repayment procedure.

Table: 5 Customers Awareness of Muthoot Finance Service

Source	Highly agree	Agree	Moderate	Frequency	Percentage	Rank
Speedy delivery	2	2	-	4	8	6
Simplicity	2	5	-	7	14	3
Demate charges	2	3	-	5	10	5
Tele-banking charges	5	5	2	12	24	1
Account handling charges	2	2	1	5	10	5
Reduced paper works	2	3	1	6	12	4
Internet banking services	5	5	1	11	22	2
Total				50	100	

Interpretation: The table indicates that 24 percent of the respondents were aware of Tele banking charges, 22 percent of the respondents were aware of Internet banking services, 14 percent respondents were aware of simplicity, 12 percent of the respondents were aware of reduced paperwork, 10 percent of the respondents were aware Account handling charges and Demate charges, 8 percent of the respondents were aware speedy delivery.

6. FINDINGS

- Only **16%** of the respondents expressed satisfaction with the **loan sanctioning procedure** at Muthoot Finance Services.
- **24%** of the respondents were **aware of Telebanking charges**.
- **28%** of the respondents were satisfied with the services due to **efficient customer service**.
- A mere **2%** of the respondents found the **loan features and repayment procedures** suitable to their financial needs.

7. SUGGESTIONS

- **Reduction in Telebanking Charges:** Respondents perceived telebanking charges to be high. Muthoot Finance should consider **reducing these charges** to enhance customer satisfaction and encourage wider usage of telebanking services.



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- **Review of Internet Banking Charges:** Many respondents felt that **internet banking charges were excessive**. Eliminating or reducing these charges can significantly improve customer experience and promote digital banking adoption.
- **Income-Based Service Customization:** Income level plays a crucial role in shaping service quality expectations. Hence, **bank managers should analyze the income segments of customers** and design services tailored to meet the expectations of each group effectively.

8. CONCLUSION

This study highlights the importance of understanding the **demographic profile of customers** before introducing new services. The findings underscore that **targeted service delivery** — providing the **right service to the right customer at the right time** — is essential for the success of any financial institution. Effective policy design and service customization are key to ensuring customer satisfaction and long-term loyalty.

9. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body that provides financial or non-financial assistance for the topics or resources covered in this Manuscript.

10. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

11. PLAGIARISM POLICY

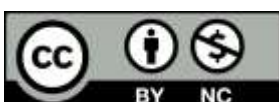
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