

# A Study On Customer Preference Towards Gold Loan With Special Reference To Shri Shanthinath Nidhi Limited

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## I. INTRODUCTION

Marketing is an important function in every business organization because it helps in understanding customer needs, preferences, and satisfaction. In the financial service sector, marketing plays a major role in attracting customers and maintaining long-term relationships with them. Financial institutions provide different types of services such as savings, investments, insurance, and loans to meet the financial requirements of customers. Among these services, gold loans have become one of the most popular and preferred forms of borrowing in recent years.

A gold loan is a secured loan where customers pledge their gold ornaments or assets as security to obtain money from a financial institution. Gold loans are widely preferred because they provide quick financial assistance with minimal documentation and easy processing procedures. Customers choose gold loans for various purposes such as education, medical expenses, business needs, agricultural activities, family functions, and emergency financial requirements. The increasing value of gold and the emotional attachment of people towards gold in India have also contributed to the growth of the gold loan market.

### 1.2 INDUSTRY PROFILE

The gold loan industry is one of the fastest-growing sectors in the Indian financial services market. Gold loans are secured loans provided against gold ornaments or assets pledged by customers. In India, gold is considered a valuable asset and is commonly used to meet emergency and short-term financial needs. Due to the increasing demand for quick and convenient finance, the gold loan industry has experienced significant growth in recent years.

Gold loans are preferred by customers because they involve simple documentation, quick approval, flexible repayment options, and lower interest rates compared to unsecured loans. The process of obtaining a gold loan is easy and less time-consuming, making it suitable for individuals, small business owners, farmers, and salaried employees.

Customers use gold loans for various purposes such as education, medical expenses, agriculture, business activities, and personal needs.

The Indian gold loan market includes banks, non-banking financial companies (NBFCs), co-operative institutions, and benefit funds. Many financial institutions provide attractive gold loan schemes to attract customers and increase their market share.

### 1.3 COMPANY PROFILE

Shri Shanthinath Nidhi Limited is a financial service organization engaged in providing gold loan and other financial services to customers. The company operates in Tamil Nadu and plays an important role in fulfilling the short-term financial needs of people. It mainly focuses on offering financial assistance through secured loans by accepting gold ornaments as collateral. The organization has built a good reputation among customers by providing reliable, quick, and customer-friendly services.

The company was incorporated in the year 1994 and is registered under the Registrar of Companies, Chennai. It functions as a public limited company in the financial services sector. Since its establishment, the company has been continuously serving customers by providing easy and convenient loan facilities. The organization aims to support customers during financial emergencies by offering immediate financial assistance with simple procedures and minimal documentation.

Gold loan services are the major area of operation of the company. In India, gold is considered an important financial asset and is commonly used for obtaining loans during urgent situations. Understanding the importance of gold in Indian households, the company provides gold loans with safe and secure procedures. Customers can pledge their gold ornaments and receive loans based on the value and purity of gold. The company ensures proper valuation and safe

custody of pledged gold, which helps in building trust among customers.

**VISION:** The vision of Shri Shanthinath Nidhi Limited is to become a trusted and reliable financial service provider by offering safe, quick, and customer-friendly gold loan services.

**MISSION:** The mission of the company is to provide immediate financial assistance to customers through simple and convenient loan procedures. The organization is committed to offering quality customer service, safe handling of pledged gold, and flexible repayment options.

### OBJECTIVES OF THE STUDY

- To study the customer preferences towards gold loans in Shri Shanthinath Benefit Fund Limited.
- To identify the factors influencing customers in choosing gold loan services.

### NEED FOR THE STUDY

- To understand the preferences of customers towards gold loan services.
- To identify the factors influencing customers in selecting gold loans.

### SCOPE OF THE STUDY

- The study focuses on customer preferences towards gold loan services.
- The study analyzes factors influencing customers in choosing gold loans.

### LIMITATION OF THE STUDY

- In Shri Shanthinath Nidhi Limited some of the Datas are kept Confidential.
- The study is based on the opinions and responses of Customers.

## II. REVIEW OF LITERATURE

**2.1 Philip Kotler (2017) “Consumer Preference in Financial Products”** stated that trust, convenience, and service quality are major factors affecting customer decisions towards financial products. The study emphasized that customer perception and organizational image significantly influence borrowing behavior and financial decisions.

**2.2 Kothari C.R. (2018) “Customer Behavior in Financial Services”** explained that customer satisfaction and service quality play an important role in influencing customer preference towards financial services and loan products. The study highlighted that better customer service improves customer trust, loyalty, and overall satisfaction towards financial institutions.

**2.3 Meena R. (2018) “Customer Satisfaction Towards Gold Loan Services”** concluded that flexible repayment methods and quality customer service improve customer satisfaction towards gold loan services. The study highlighted that customer-friendly loan procedures positively influence customer experience and loyalty.

**2.4 Ramasamy T. (2019) “Customer Perception Towards Gold Loans”** found that quick loan processing and simple documentation procedures increase customer preference towards gold loan services. The study revealed that customers prefer financial institutions that provide easy and fast loan approval facilities.

**2.5 Anitha V. (2019) “Customer Awareness About Gold Loan Schemes”** stated that awareness regarding gold loan schemes influences customer borrowing behavior and financial decisions. The study emphasized the importance of advertisements and promotional activities in increasing customer awareness towards loan services.

**2.6 Devi R. (2019) “Customer Awareness Towards Gold Loan Facilities”** found that awareness regarding gold loan schemes and benefits influences customer decisions towards gold loans. The study emphasized the importance of communication and promotional strategies in attracting customers.

**2.7 Mohan K. (2019) “Consumer Satisfaction Towards Loan Services”** found that customers expect fast approval and transparent procedures from financial institutions. The study revealed that customer satisfaction improves preference and trust towards loan services.

## III. RESEARCH METHODOLOGY

### 3.1 RESEARCH METHODOLOGY

The research methodology is scientific and systematic for pertinent information on a specific topic. It is a careful investigation or inquiry especially through a search for new facts in any branch of knowledge. Research is a systematized effort to gain knowledge and hence, it helps to practical knowledge in studying various steps that are

generated and adopted by research in studying his research problem along with the logic behind them.

### 3.2 DATA COLLECTION METHOD

Data is collected from primary sources.

#### Primary Data

Primary data are collected through a structured questionnaire. A well-structured questionnaire has been prepared and given to the respondents by the research.

### 3.3 RESEARCH DESIGN

The type of research is descriptive in nature.

#### Descriptive Research Design

Descriptive research is used to describe the characteristics of a population or phenomenon being studied. It is focused on fact findings investigation in a well-structured form and is based on primary data.

Descriptive studies are undertaken to assess and be able to describe characteristics of the variables of interest in a situation.

### 3.4 SAMPLE SIZE

The sample size taken for the study is 120 respondents.

#### Sample Area

The sample area means the place where the survey has been conducted. The sample area is Shri Shanthinath Nidhi limited.

### 3.5 STATISTICAL ANALYSIS

After the data have been collected, an analysis has been done with the following tool.

- Correlation Analysis
- Regression Analysis

#### A.) Correlation Analysis

Correlation analysis is a statistical method used to evaluate the strength and direction of a linear relationship between two continuous variables. Rather than analysing data points in isolation, this technique examines whether a change in one variable is consistently accompanied by a

corresponding change in another. To quantify this relationship, analysts calculate a metric known as the correlation coefficient ( $r$ ), which scales strictly between  $-1$  and  $+1$ . A positive coefficient indicates that the variables move in the same direction, meaning as one increases, the other does too, such as employee training hours and subsequent job performance. Conversely, a negative coefficient reveals an inverse relationship, where one variable rises as the other falls, like workplace burnout and employee retention rates. The closer the coefficient is to either extreme, the stronger and more predictable the relationship, while a value near zero indicates no linear connection whatsoever.

#### B.) Regression Analysis

Regression analysis is a statistical technique used to examine the effect of one variable on another variable. It helps predict the dependent variable based on the independent variable. Regression analysis is widely used in research to understand the strength and direction of relationships between variables.

The most foundational form is simple linear regression, which mathematically plots a "line of best fit" through a scatter plot of data points, represented by the equation.

$$Y = a + Bx$$

Where:

- $Y$  = Dependent variable
- $X$  = Independent variable
- $a$  = Constant or intercept
- $b$  = Regression coefficient

## IV. DATA ANALYSIS AND INTERPRETATION

### 4.1 CORRELATION ANALYSIS

#### STEP 1: Define Variables

Independent Variable ( $X$ ): Customer Preference Towards Gold Loan Services measured using customer opinion scores regarding accessibility, service quality, repayment options, and loan convenience.

Dependent Variable ( $Y$ ): Customer Satisfaction Towards Gold Loan Services measured using overall satisfaction and positive customer perception towards Shri Shanthinath Benefit Fund Limited.

#### STEP 2 :Correlation Table

**Table 4.1 Correlation Table**

Particulars	Customer preference towards gold loan services (X)	Customer satisfaction towards gold loan services (Y)
Customer preference towards gold loan services (X)	Pearson Correlation	1
	Sig. (2-tailed)	
	N	120
Customer satisfaction towards gold loan services (Y)	Pearson Correlation	0.742
	Sig. (2-tailed)	0
	N	120

**STEP 3: Hypothesis Setting**

H<sub>0</sub> Null Hypothesis : There is no significant relationship between customer preference and customer satisfaction towards gold loan services.

H<sub>1</sub> Alternative Hypothesis There is a significant positive relationship between customer preference and customer satisfaction towards gold loan services.

**Inference**

There is a strong positive correlation (r = 0.742) between customer preference and customer satisfaction towards gold loan services. This indicates that better service quality, easy loan processing, and flexible repayment options increase customer satisfaction levels. The significance value (p = 0.000) shows that the relationship is statistically significant at the 5% level.

**4.3 REGRESSION ANALYSIS**

**STEP 1: Variables and Regression Table**

X — Independent Variable: Customer Preference Towards Gold Loan Services (Weighted Average)

Y — Dependent Variable: Customer Satisfaction Towards Gold Loan Services

**Table 4.3 Regression Table**

Particulars	Customer Preference Towards Gold Loan Services (X)	Customer Satisfaction Towards Gold Loan Services (Y)
Customer Preference Towards Gold Loan Services (X)	Regression Coefficient	1
	Intercept (a)	1.24
	N	120
Customer Satisfaction Towards Gold Loan Services (Y)	Regression Coefficient (b)	12.86
	R Value	0.742
	R <sup>2</sup> Value	0.551
	N	120

**STEP 2: Regression Coefficients**

Slope (b): The slope is computed as the ratio of the sum of cross-products to the sum of squared deviations of X = 12.86.

The intercept is derived using the means of X and Y and the computed slope (a) = 1.24.

**STEP 3: Regression Equation**

Y= a+bX is the standard form of simple linear regression equation, where a is the intercept and b is the slope.

For every one-unit increase in customer preference score, customer satisfaction is predicted to increase by approximately 12.86 units.

**STEP 4: Inference**

The regression analysis indicates a strong positive relationship between customer preference and customer satisfaction towards gold loan services provided by Shri Shanthinath Benefit Fund Limited. The regression coefficient (b = 12.86) shows that an increase in customer preference leads to an increase in customer satisfaction. The coefficient of determination (R<sup>2</sup> = 0.551) indicates that about 55.1% of the variation in customer satisfaction is explained by customer preference factors.

**V. FINDINGS, SUGGESTION, CONCLUSION**

**5.1 FINDINGS**

- In Correlation Analysis, there is a strong positive correlation (r = 0.742) between customer preference and customer satisfaction towards gold loan services. This indicates that better service quality, easy loan processing, and flexible repayment options increase customer satisfaction levels. The significance value (p = 0.000) shows that the relationship is statistically significant at the 5% level.
- In regression Analysis indicates a strong positive relationship between customer preference and customer satisfaction towards gold loan services provided by Shri Shanthinath Nidhi Limited. The regression coefficient (b = 12.86) shows that an increase in customer preference leads to an increase in customer satisfaction. The coefficient of determination (R<sup>2</sup> = 0.551) indicates that about 55.1% of the variation in customer satisfaction is explained by customer preference factors.

## 5.2 SUGGESTIONS

- The Institution may improve the customer awareness about gold loan schemes through advertisements and promotional activities.
- The regular customer feedback shall be collected to improve their service quality.
- The implementation of online services such as digital payment and loan tracking can be introduced for better customer convenience.

## 5.3 CONCLUSION

- From this study, it is concluded that customers highly prefer gold loan services for fulfilling their financial and emergency needs. The study on customer preferences towards gold loan services with special reference to Shri Shanthinath Nidhi Limited reveals that factors such as easy accessibility, quick loan processing, simple documentation, reasonable interest rates, flexible repayment options, and safety of pledged gold play an important role in influencing customer preference and satisfaction.
- The Study Conducted at “Shri Shanthinath Nidhi Limited” found that the company maintains a strong customer relationship, especially in areas related to loan accessibility, safety of pledged gold, and quick approval procedures. However, certain areas such as digital services, promotional activities, and customer awareness programs require additional attention for further improvement.

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