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Promotional Measures of Small Finance Banks – A Study

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ABSTRACT
The annual branch expansion plans of the small finance banks for the initial five years would need prior approval of RBI. The annual branch expansion plans should be in compliance with the requirement of opening at least 25 per cent of its branches in unbanked rural centres. There will not be any restriction in the area of operations of small finance banks; however, preference will be given to those applicants who in the initial phase set up the bank in a cluster of under-banked States / districts, such as in the North-East, East and Central regions of the country. These applicants will not have any hindrance to expand to other regions in due course. It is expected that the small finance bank should primarily be responsive to local needs. After the initial stabilisation period of five years, and after a review, RBI may liberalize the requirement of prior approval for annual branch expansion plans and scope of activities of the small finance banks. The other financial and non-financial services activities of the promoters, if any, should be kept distinctly ring-fenced and not commingled with the banking business.

Keywords: Small Finance Banks (SFBs), Branch Expansion, Unbanked Rural Centres, Reserve Bank of India (RBI), Financial Inclusion.

INTRODUCTION

The SFBs are expected to focus primarily on accepting deposits and lending to small business units, small and marginal farmers, micro and small industries and other unorganised sector entities, currently underserved by regular commercial banks. The RBI estimated that close to 90 per cent of small businesses today have no links with formal financial institutions. The key takeaway of this move is the RBI's efforts to promote niche banking. Commercial banks are largely interested in funding large and medium corporations, or giving out loans for home and vehicle purchases. SFBs can probably do even better in filling the gap. The entities that have been given licenses are mainly microfinance institutions that have already reached out to remote hinterlands. Currently, they are mainly on-lending funds from banks, which work out to be rather costly for the ultimate small borrowers.

Statement of the problem

The annual branch expansion plans of the small finance banks for the initial five years would need prior approval of RBI. The annual branch expansion plans should be in compliance with the requirement of opening at least 25 per cent of its branches in unbanked rural centres. There will not be any restriction in the area of operations of small finance banks; however, preference will be given to those applicants who in the initial phase set up the bank in a cluster of under-banked States / districts, such as in the North-East, East and Central regions of the country. These applicants will not have any hindrance to expand to other regions in due course. It is expected that the small finance bank should primarily be responsive to local needs. After the initial stabilisation period of five years, and after a review, RBI may liberalize the requirement of prior approval for annual branch expansion plans and scope of activities of the small finance banks. The other financial and non-financial services activities of the promoters, if any, should be kept distinctly ring-fenced and not commingled with the banking business.

Objectives and Framework of analysis

This study is purely descriptive and analytical one. The sample of 500 customers are selected form the SFBs functioning in different parts of Tamil Nadu. The sample size required for the study is determined by using the margin of error calculator. The data collected under the variables are verified for reliability using Cronbach's alpha test. Pre tested interview schedule is used for collection of data. Pilot study also conducted. Enumerators are also used for collection of data. The main objective of the study is to analyse the views of the customers on promotional measures of SFBs. Five variables are identified namely advertisement, sales promotion, public relation, personal selling and direct marketing. These variables are considered as dependent variables for analysis. Further to know whether the respondents selected for the study do vary or not in their views on these five variables with gender and marital status factors analysis has been made by using Independent sample 't' test. Before the application of this test normal distribution test is also conducted. The result of the analysis and interpretation made for each test with the unacceptable presumption is shown in the following part of this study. Moreover the researcher has analysed the problems faced by the customers in availing the services of the SFBs as a separate dependent variable.

Gender wise classification

The researcher has classified the customers on the basis of their gender. From the collected data it is found that out of 500 customers 71.00 per cent are male and the remaining 29.00 per cent are female. From this analysis it is noted that majority (71.00 per cent) of the customers of the SFB are male in the study area.

MARITAL STATUS OF THE RESPONDENTS

The researcher has classified the sample respondents on the basis of the marital status. From the collected information it is noted that out of 500 respondents 71.40 per cent of the customers are coming under the married category and the balance 28.60 per cent of the customers are in the unmarried category. From this analysis it is noted that majority (71.40 per cent) are in the married category.

Views of the customers on promotional measures of SFB

Promotional measures are important for the service sectors and for SFB in particular. There are so many promotional measures are taken by the SFB for popularizing their services. The researcher has taken efforts to know the opinion of the customers towards the various promotional measures taken by the SFB namely, advertisement, sales promotion, public relation, personal selling and direct marketing. The information collected for this aspect is presented in the following table 1.

Table 1: Views of the customers on promotional measures of SFB

S.No	Views on promotional measures	Very Good	Good	Medium	Poor	Very Poor	Total
1.	Advertisement	39 (7.80)	151 (30.20)	273 (54.60)	37 (7.40)	-	500 (100.00)
2.	Sales promotion	6 (1.20)	147 (29.40)	307 (61.40)	40 (8.00)	-	500 (100.00)
3.	Public relation	30 (6.00)	245 (49.00)	220 (44.00)	5 (1.00)	-	500 (100.00)
4.	Personal selling	25 (5.00)	155 (31.00)	310 (62.00)	10 (2.00)	-	500 (100.00)
5.	Direct marketing	30 (6.00)	180 (36.00)	275 (55.00)	15 (3.00)	-	500 (100.00)

Source: Primary Data

Views towards the advertisement efforts of the SFB

Regarding the advertisement aspect of the SFB, it is understood from the table that out of 500 respondents 7.80 per cent of the sample customers have very good opinion, 30.20 per cent of the sample customers have good opinion, 54.60 per cent of the sample customers have medium level of opinion and the remaining 7.40 per cent of the sample customers have poor opinion towards the advertisement effort of the SFB. It is revealed that majority of the respondents (54.60 per cent) have medium level of views towards the advertisement effort of the SFB.

Views towards the sales promotional efforts of the SFB

Concerning the sales promotional efforts of the SFB, from the collected data it is understood that out of 500 respondents 1.20 per cent of the sample customers have very good opinion, 29.40 per cent of the sample customers have good views, 61.40 per cent of the sample customers have medium level of opinion towards the sales promotional measures of the SFB and the remaining 8.00 per cent of the sample customers have poor views towards the sales promotional efforts of the SFB. It is disclosed that majority of the respondents (61.40 per cent) have medium level of opinion towards the sales promotional efforts of the SFB.

Views towards the public relation efforts of the SFB

Regarding the public relation efforts taken by the SFB, it is understood from the table that among 500 respondents 6.00 per cent of the sample customers have very good opinion, 49.00 per cent of the sample customers have good opinion, 44.00 per cent of the sample customers have medium level of opinion towards the public relation efforts of the SFB and the remaining 1.00 per cent of the sample customers have poor views towards the public relation efforts of the SFB. It is disclosed that most of the respondents (49.00 per cent) have good opinion towards the public relation efforts of the SFB.
Views towards the personal selling efforts of the SFB

About the personal selling efforts of the SFB, it is known from the data that out of 500 respondents 5.00 per cent of the sample customers have very good opinion, 31.00 per cent of the sample customers have good opinion, 62.00 per cent of the sample customers have medium level of opinion towards the personal selling efforts of the SFB and the remaining 2.00 per cent of the sample customers have poor views towards the personal selling aspect of the promotional measures of the SFB. It is disclosed that majority of the respondents (62.00 per cent) have medium level of opinion towards the personal selling efforts of the SFB.

Views towards the direct marketing efforts of the SFB

Concerning the direct marketing efforts of the SFB it is understood from the data, among the 500 customers 6.00 per cent of the sample customers have very good opinion, 36.00 per cent of the customers have good opinion, and 55.00 per cent of the sample customers have medium level of opinion and the remaining 3.00 per cent of the sample customers have poor opinion towards the direct marketing aspect of the sales promotional measures of the SFB. It is discovered that majority of the respondents (55.00 per cent) have medium level of opinion towards the direct marketing effort of the SFB.

The customers do not differ in problems in availing the Services and opinion about various promotional measures of SFBs when they classified on the basis of the gender

The pollster has grouped the customers of the SFBs into two groups on the basis of the gender. To know whether these two groups of the customers do differ or not in problems in availing the Services of Small Finance Banks and opinion about various promotional measures of SFBs an unacceptable presumption has been framed and Independent sample 't' test is applied to test the same. The presumption is as follows.

Presumption

The customers of SFBs do not differ in problems in availing the Services and opinion about various promotional measures of SFBs when they grouped on the basis of the gender.

The unacceptable presumption designed for this analysis has been tested with the Independent sample 't' test and the outcome is interpreted in the following tables.

Table 2 Gender of the customers and Problems in availing the Services and opinion about various promotional measures of SFBs – Mean, Standard Deviation and Std. Error Mean

problems in availing the services and opinion about various promotional measures of SFBs	Gender of the customers	Number of proprietors	Mean Value	Std. Deviation Value	Std. Error Mean value
Advertisement	Male	355	2.6254	.75009	.03981
	Female	145	2.5931	.70215	.05831
Sales promotion	Male	355	2.7268	.59303	.03147
	Female	145	2.8483	.62729	.05209
Public relation	Male	355	2.4563	.61081	.03242
	Female	145	2.2621	.61261	.05087
Personal selling	Male	355	2.6479	.59419	.03154
	Female	145	2.5172	.65726	.05458
Direct marketing	Male	355	2.5746	.68224	.03621
	Female	145	2.4897	.57876	.04806
Problems in availing the services	Male	355	2.6901	.53656	.02848
	Female	145	2.7931	.57610	.04784

Source: Computed Data

From the output of Independent sample 't' test it is found that there is a deviation among the mean and standard deviation values of the views of the customers of the SFBs regarding the problems in availing the Services of Small Finance Banks and opinion about various promotional measures of SFBs when they are grouped under gender factor. The result of the Levene's test for sameness of variation is shown in the table 2.

Table 3 Gender of the customers and Problems in availing the services and opinion about various promotional measures of SFBs - Output of Independent sample 't' test

Problems in availing the Services and opinion about various promotional measures of SFBs		Levene's Test for sameness of variation		t-test result for parity of Means				
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.
Advertisement	*	.382	.537	.444	498	.657	.03225	.07259
	**			.457	284.398	.648	.03225	.07060

Sales promotion	*	.508	.476	-2.044	498	.041	-.12152	.05944
	**			-1.997	254.529	.047	-.12152	.06086
Public relation	*	2.566	.110	3.224	498	.001	.19427	.06025
	**			3.220	266.794	.001	.19427	.06033
Personal selling	*	6.074	.014	2.162	498	.031	.13065	.06043
	**			2.072	245.080	.039	.13065	.06304
Direct marketing	*	3.112	.078	1.319	498	.188	.08499	.06446
	**			1.412	312.854	.159	.08499	.06018
Problems in availing the services	*	.477	.490	-1.905	498	.057	-.10296	.05404
	**			-1.849	251.284	.066	-.10296	.05568

Source: Computed Data.
Note: * - Equal Variances Assumed
** - Equal Variances Not Assumed

From the output of the Levene's test for sameness of variation it is found that the likelihood value for the opinion of the customers about the sales promotion, public relation and personal selling aspects of the promotional measures is lower than the conformity value of 0.05. Subsequently the null presumption planned for this analysis is repudiated and it is concluded that the customers of the Small Finance Banks do vary in their views on sales promotion (p=0.041), public relation (p=0.001) and personal selling (p=0.039) when the customers of the Small Finance Banks are grouped under gender factor. Further it is noted that the customers of the Small Finance Banks do not differ in the remaining promotional aspects and problems in availing the services aspect. Hence, the null presumption is not rejected for these three aspects of the Small Finance Banks. It is disclosed that the customers of the Small Finance Banks have same level of opinion on these promotional measures and problems in availing the services.

The customers do not differ in problems in availing the Services and opinion about various promotional measures of SFBs when they classified on the basis of the marital status

The researcher has grouped the customers of the SFBs into two groups on the basis of the marital status and to know whether these two groups of the customers do differ or not in problems in availing the services of Small Finance Banks and opinion about various promotional measures of SFBs an unacceptable presumption has been framed and Independent sample 't' test is applied to test the same. The presumption is as follows.

Presumption
The customers of SFBs do not differ in problems in availing the Services and opinion about various promotional measures of SFBs when they grouped on the basis of the marital status. The unacceptable presumption designed for this analysis has been tested with the Independent sample 't' test and the outcome is interpreted in the following tables.

Table 4 Marital status of the customers and Problems in availing the Services and opinion about various promotional measures of SFBs – Mean, Standard Deviation and Std. Error Mean

problems in availing the services and opinion about various promotional measures of SFBs	Marital status of the customers	Number of proprietors	Mean Value	Std. Deviation Value	Std. Error Mean value
Advertisement	Married	357	2.5518	.70769	.03745
	Unmarried	143	2.7762	.78201	.06540
Sales promotion	Married	357	2.7367	.60719	.03214
	Unmarried	143	2.8252	.59711	.04993
Public relation	Married	357	2.4062	.61832	.03273
	Unmarried	143	2.3846	.61579	.05150
Personal selling	Married	357	2.6835	.53850	.02850
	Unmarried	143	2.4266	.74578	.06237
Direct marketing	Married	357	2.4874	.67290	.03561
	Unmarried	143	2.7063	.57937	.04845
Problems in availing the services	Married	357	2.7003	.54806	.02901
	Unmarried	143	2.7692	.55274	.04622

Source: Computed Data

From the output of Independent sample 't' test it is found that there is a deviation among the mean and standard deviation values of the views of the customers of the SFBs regarding the problems in availing the Services of Small Finance Banks and opinion about various promotional measures of SFBs when they are grouped under gender factor. The result of the Levene's test for sameness of variation is shown in the table.

Table 5 Marital status of the customers and Problems in availing the services and opinion about various promotional measures of SFBs - Output of Independent sample 't' test

Problems in availing the Services and opinion about various promotional measures of SFBs		Levene's Test for sameness of variation		t-test result for parity of Means				
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.
Advertisement	*	.002	.960	-3.108	498	.002	-.22440	.07221
	**			-2.978	240.135	.003	-.22440	.07536
Sales promotion	*	3.106	.079	-1.479	498	.140	-.08848	.05981
	**			-1.490	265.802	.137	-.08848	.05938
Public relation	*	.491	.484	.353	498	.725	.02155	.06112
	**			.353	262.762	.724	.02155	.06101
Personal selling	*	45.547	.000	4.291	498	.000	.25690	.05986
	**			3.747	203.955	.000	.25690	.06857
Direct marketing	*	17.174	.000	-3.415	498	.001	-.21890	.06409
	**			-3.640	301.769	.000	-.21890	.06013
Problems in availing the services	*	1.261	.262	-1.268	498	.205	-.06895	.05437
	**			-1.264	259.789	.208	-.06895	.05457

Source: Computed Data.

Note: * - Equal Variances Assumed

** - Equal Variances Not Assumed

From the output of the Levene's test for sameness of variation it is found that the likelihood value for the opinion of the customers about the advertisement, personal selling and direct marketing aspects of the promotional measures is lower than the conformity value of 0.05. Subsequently the null presumption planned for this analysis is repudiated and it is concluded that the customers of the Small Finance Banks do vary in their views on advertisement (p=0.041), personal selling (p=0.001) and direct marketing (p=0.039) when the customers of the Small Finance Banks are grouped under marital status factor. Further it is noted that the customers of the Small Finance Banks do not differ in the remaining promotional aspects and problems in availing the services aspect. Hence, the null presumption is not rejected for these three aspects of the Small Finance Banks. It is discovered that the customers of the Small Finance Banks have same level of opinion on these promotional measures and problems in availing the services.

FINDINGS, SUGGESTIONS AND CONCLUSION

From this study it is found that most of the respondents do differ in their opinion towards the promotional efforts of the SFBs and problems in availing the services of the SFBs. So it is suggested that the administrators of the SFBs are expected that the promotional measures may be given due importance to popularise the services of the SFBs. This study is focused on the views of the customers of the SFBs regarding the promotional measures and problems in availing the services of SFBs. It is recommended that the bankers of the Small Finance Banks may take necessary actions to enhance the promotional measures on advertisement, personal selling and direct marketing aspects in particular to attract the both married and unmarried customers. It is expected that the bankers of the Small Finance Banks may take necessary steps to enhance the promotional measures on sales promotion, public relation and personal selling aspects in particular to attract the both male and female customers in the study area.

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