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"A STUDY OF FACTORS AFFECTING CUSTOMER DECISION - FOR OPENING A BANK ACCOUNT: A CASE STUDY OF AXIS BANK"

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Abstract: *In this research paper, emphasis has been laid on understanding the factors influencing the decisions made by consumers while opening a bank account. The other aspect of this paper is about examining the different factors that impact the buying capacity and the mindset of consumers who have opened their accounts in Axis Bank. The paper attempts to examine the relevance of savings accounts and current accounts in managing customers efficiently. Further, the paper highlights the different ways through which people.*

Keywords – Axis Bank, Bank Account Selection, Consumer Decision-Making, Customer Behaviour, Savings and Current Accounts

1.INTRODUCTION

The Axis Bank was incorporated in the year 1994 as a part of financial sector reforms that were implemented by the Reserve Bank of India (RBI). Initially promoted by the Unit Trust of India, the bank is popularly known as the UTI Bank. Later on, in 2007, the bank adopted the name Axis Bank. Its headquarter lies in Mumbai, India. Axis Bank commenced its business operations in the form of a Scheduled Commercial Bank since January 1995.

The Axis Bank is a renowned private bank in India that caters to a broad variety of financial needs ranging from commercial banking and treasuries. Through time, the bank has experienced tremendous success in terms

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of growth and presence in both national and international markets. The bank maintains a vast branch network along with ATMs and workforce in different cities.

Objective of the Study

• How can savings and current accounts be used for managing customers optimally?

• What are the factors that people consider while opening a savings account?

• Identify transactions where individuals make payments.

• Differentiate between various kinds of transactions.

• How do banks use different techniques to lure customers?

There are 14685 ATMs spread across 994 cities.

Need & Scope of the Study

To determine the role played by current and savings account types in offering the highest level of customer service.

1. To assess how well informed the participants are about banking services.

2. To understand the level of customer satisfaction with the products/services provided by the banking system.

3. To suggest measures for expansion of the market through effective customer service.

2.REVIEW OF LITERATURE AND THEORETICAL BACKGROUND

Marketing Management

The activities associated with the buying and selling of goods or services constitute business activities. Such activities involve marketing and selling of goods and services to customers. There are many strategies used by marketing experts such as slogan, product development, endorsement by celebrities, and media promotion to capture the interest of the target audience.

These activities, as per Ajay Kelkar, Head of Marketing at Axis Bank, are primarily directed towards those customers who are unaware about the value added services offered by the bank, like direct banking.

An entire customer life cycle based marketing plan has been designed by the bank for the present and coming financial years. Axis Bank is working in partnership with Fractal Analytics, an organization adept in analyzing customer behavior in domains such as risk management and marketing.

3.METHODOLOGY OF THE STUDY

The research methodologies that are normally used to conduct the research can be termed as methodology. This will include the sampling process, data collection method, as well as analysis methods. There are generally two kinds of researches that can be conducted by any researcher; namely, experimental research and non-experimental research. The main difference between the two lies in the intervention of researcher with the controlled variables.

- **RESEARCH DESIGN**

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Research design can be defined as the plan for data collection and research strategy. A research design acts as a means or approach for collecting the necessary data.

Developing a research strategy involves making decisions about source of data, method of research, instrument to use, sampling techniques and mode of communication. The types of research designs that are usually done include:

- Exploratory research.
- Descriptive research
- Causal research

"Exploratory research" involves researching with the purpose of gaining knowledge. The general objectives of exploratory research include identifying problems, specifying problems and creating alternative actions.

Exploratory research is known to be flexible and immediate in nature.

- **STUDIES OF DESCRIPTION**

Specific questions are known beforehand due to which descriptive research contrasts with exploratory research in terms of questions. There is a lot of knowledge regarding the question that can be asked for the research, and the question is already known by the researcher. A pilot study may be conducted prior to conducting the research.

- **EXPERIMENTAL VS. CASUAL DESIGN**

Casual design is applied to test the cause-and-effect relationship among two or more variables. The hypothesis is proven, and the experiment is stopped. DESIGN THAT IS CASUAL OR EXPERIMENTAL

The cause-and-effect relationship among two or more variables is studied through casual design. The findings of the experiment prove the validity of the theory. Some examples of casual designs include:

• Four groups & six studies design

• Pre-test-post-test design

• Pre-test post-test control group design

• Use only control group design afterwards

• Consumer panel design/ exposure factor design

Universe of Study

• Government publications

• Report committees

• Non-Government publications

• Research institutions

• Magazines

• Newspaper reports

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3.3 SAMPLE SIZE & STATISTICAL TOOLS

Sample Size-

The sample size used was 100 Customers.

3.4 DATA SOURCES OF COLLECTION

Primary	**Secondary Published Sources**
Personal Interview	Government Publication
Indirect Personal Interview	Report Committees & Private Publications
Information through Correspondents	
Postal Questionnaire	Private Publications

- **PRIMARY INFORMATION**

Never before has it been done to organize these statistics in such a manner. They are put in the sequence in which they were seen or discovered. These are just raw data. Though they may be added up and organized, there is hardly any statistical manipulation done to them. Such as those collected by people.

- **SECONDARY DATA**

Sources of Secondary Data

The following are the major sources of secondary data:

• Official Sources: AXIS BANK LTD. or official sources of AXIS BANK LTD.

• Publication from business organizations: trade associations, stock exchange, trade unions, and so forth.

• Journals/Newspapers, etc. : Few journals/newspapers such as Indian Journal of Economics, The Economist, and The Economic Times compile and publish statistical data independently.

• Information obtained from industry association, for example, information collected by AXIS BANK LTD.

• Non-Published Sources:

Method of Collecting Data

The following are the commonly employed method of collecting data:

- Observation Method
- Personal Interview
- Case Study Method

Observational Method:

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This is the kind of data collection technique that is used most often, especially in studies that relate to the behavioral sciences. The observational method of data collection includes watching and recording events as they occur in nature in regard to cause-and-effect relationships or reciprocity.

Interview Technique

It is an interview technique whereby personal interaction takes place between the researcher and the people from whom the information is to be collected (also called informants). They ask questions related to the survey from the researcher, who collects the information in the process. Hence, through this, we get the information related to the working conditions of employees of AXIS BANK LTD by interviewing them, being their past employees.

Methodology for Case Studies

The relationship between two or more variables is determined with the help of an experimental design. The outcome of the experiment has proved the correctness of the theory. Below are some examples of the informal design of experiments:

• Four groups, six experiments design

• Before-and-after design

• Before-and-after control group design

From here on, use only the control group design.

• Consumer panel design; exposure facto design.

3.5 DATA ANALYSIS

Data Presentation

Data Interpretation

DATA PRESENTATION

Question 1

What is your Monthly Transaction in your account ?

Monthly transactions	No. of respondents	% (percentage)
5-20 lakhs	28	28%
20-40 lakhs	59	59%
40 lakhs and above	13	13%
Total	100	100%

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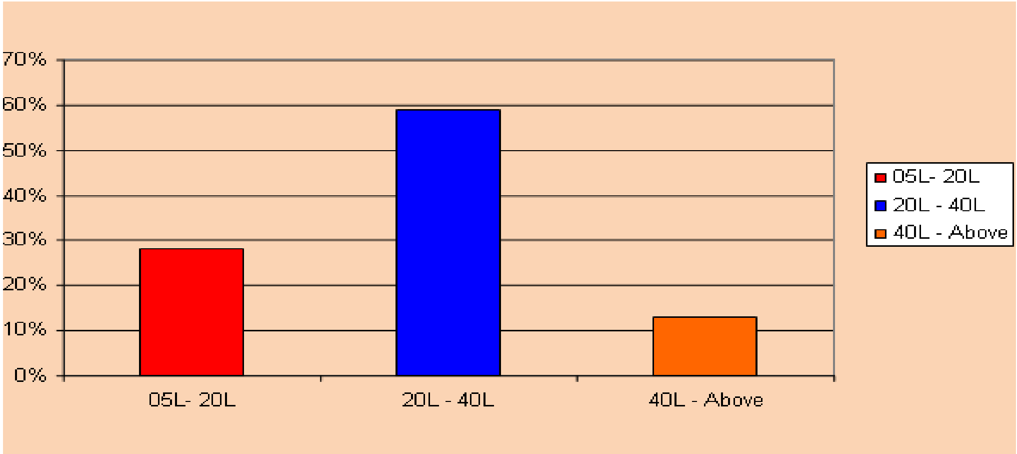
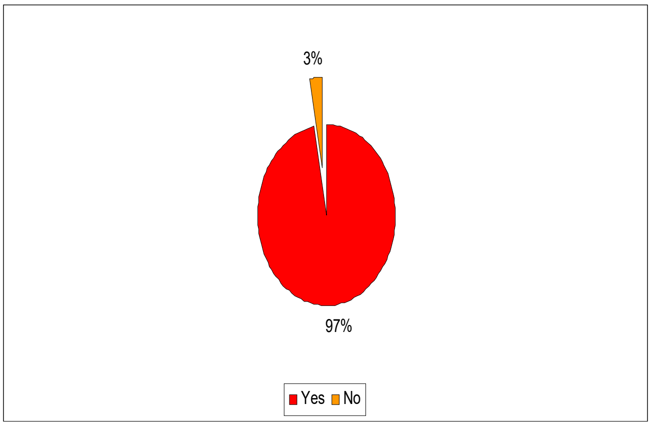


Question 2

Do you have a Saving Account?

Response	No. of respondents	%
Yes	97	97%
No	3	3%



Question 3

Which Factors do you consider for opening a Savings Account?

	No. of respondents	%
Accessibility	10	10

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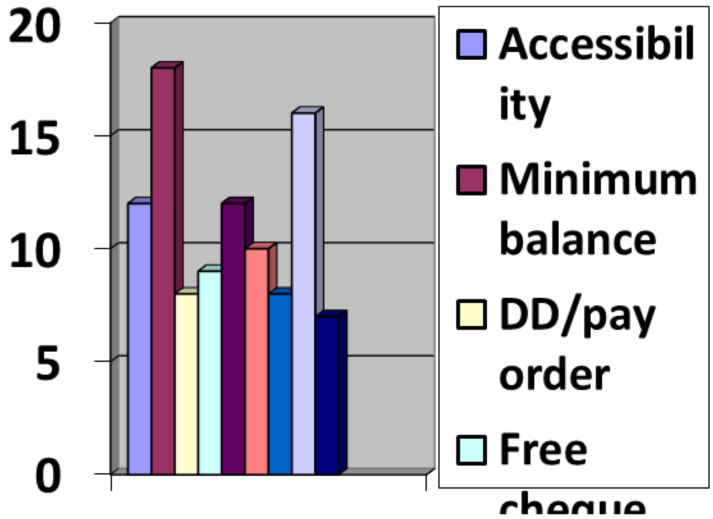
Minimum balance	20	20
DD/pay order	13	13
Free cheque	10	10
Debit card	8	8
Cash deposit	7	7
Cheque pick up	2	2
Net banking	16	16
Mobile banking	7	7



Question 4

Which mode of transaction do you avail of frequently?

Response	No. of response	%
Pay order	12	12
DD	22	22
Cheque	66	66
Total	100	100

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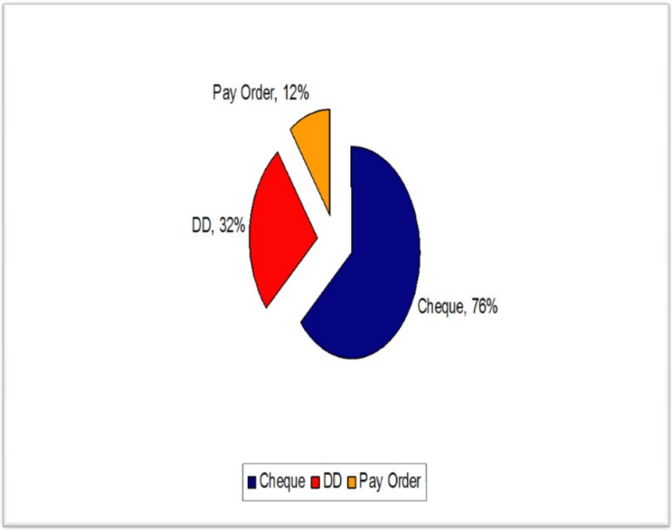

Question 5

Which types of transaction do you make ?

Response	No. of respondents	%
Intercity	33	33
Outside city	15	15
Both	52	52
Total	100	100

Question 6

Does your bank assist you in case of any problem?

Response	No. of respondents	%
Yes	90	90
No	10	10
Total	100	100

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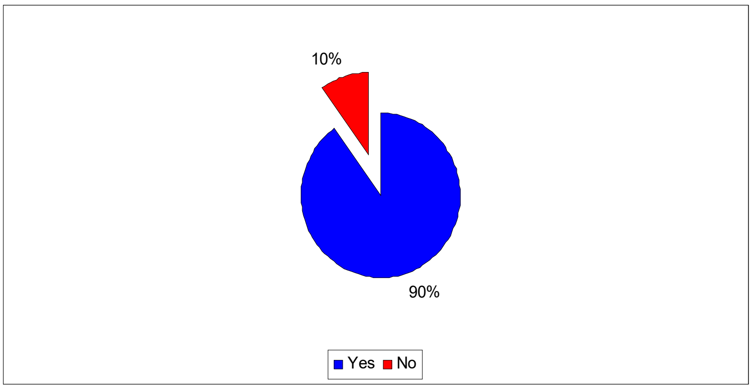

Question 7

In Which Bank?

Bank	*No. of respondents*	*%*
Kotak Mahindra	*3*	*3%*
HDFC	*28*	*28%*
Co-operative	*33*	*33%*
ICICI	*5*	*5%*
Nationalized	*31*	*31%*

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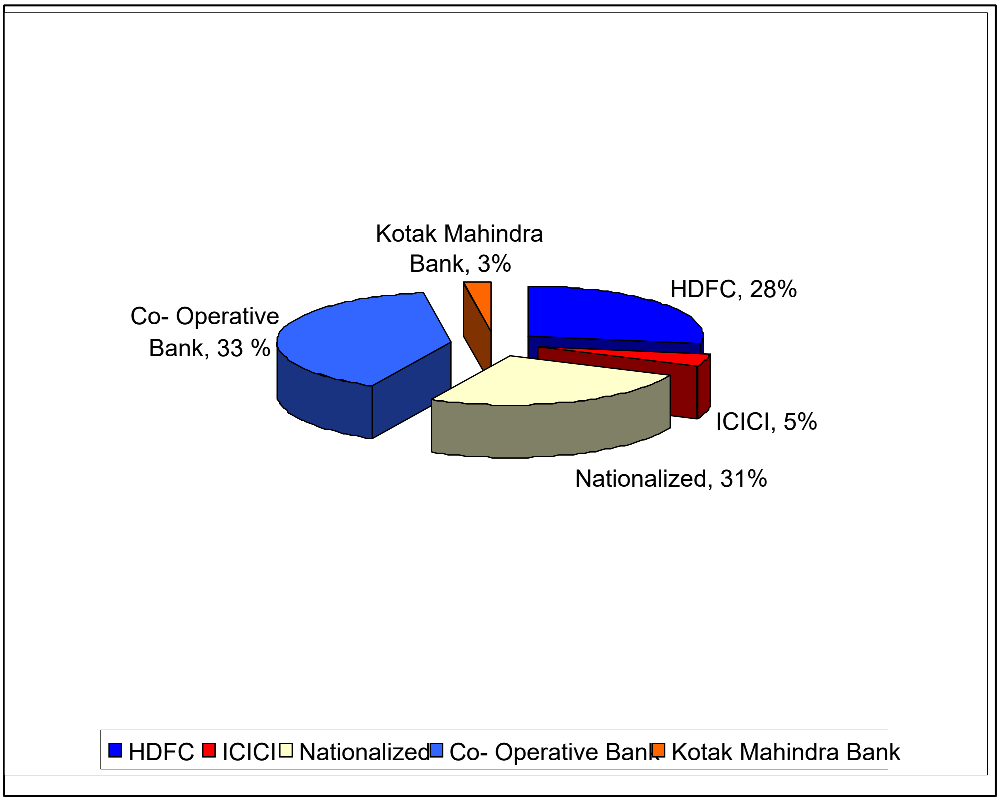

DATA INTERPRETATION

Question 1

What is your Monthly Transaction in your account ?

Monthly transactions	No. of respondents	% (percentage)
5-20 lakhs	28	28%
20-40 lakhs	59	59%
40 lakhs and above	13	13%
Total	100	100%

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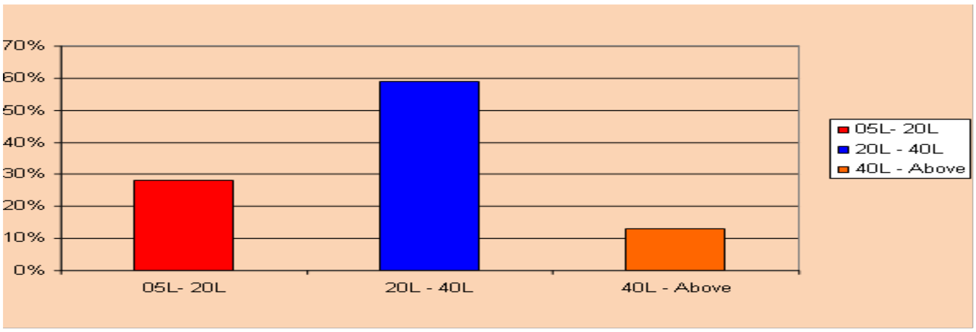


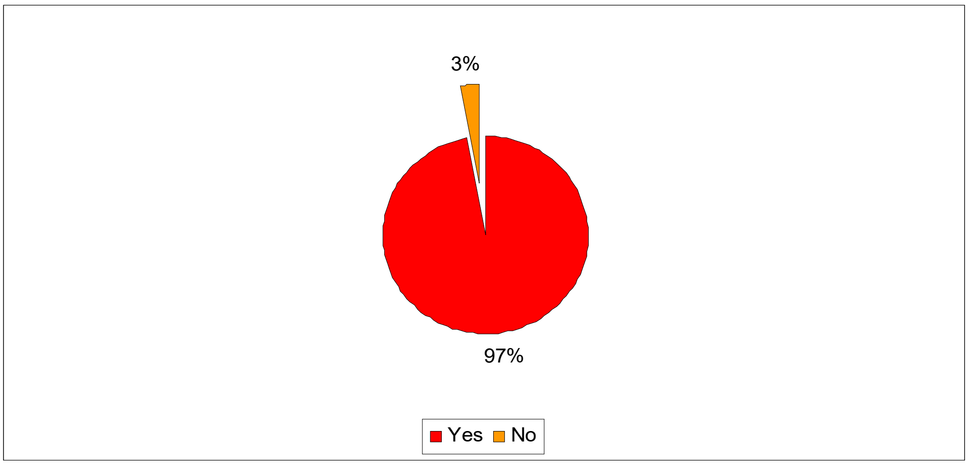
Analysis:

- 13 percent of respondents provided their response in transactions of more than 40 lakhs,
- compared to 0–20 lakhs transactions by 28 percent of respondents
- and transactions worth 40 lakhs or more by 59 percent of respondents.

Question 2

Do you have a Saving Account?

Response	No. of respondents	%
Yes	97	97%
No	3	3%



Analysis:

97% respondents have the saving accounts and only 3% do not have saving account

Question 3

Name the Factors that you consider for opening a Savings Account?

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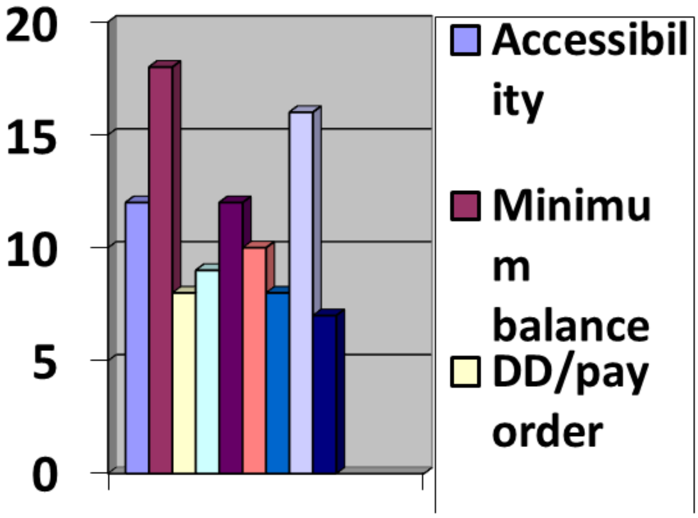
	No. of respondents	%
Accessibility	10	10
Minimum balance	20	20
DD/pay order	13	13
Free cheque	10	10
Debit card	8	8
Cash deposit	7	7
Cheque pick up	2	2
Net banking	16	16
Mobile banking	7	7



Analysis:

Respondents provided their responses in the following percentages: 13% accessibility, 17% minimum balance, 8% DD/PAY order, 9% free check, 13% debit card, 10% cash deposit, 8% check pick up, 16% net banking, and 7% mobile banking.

Question 4

Which media of transaction do you use very frequently?

Response	No. of response	%
Pay order	12	12

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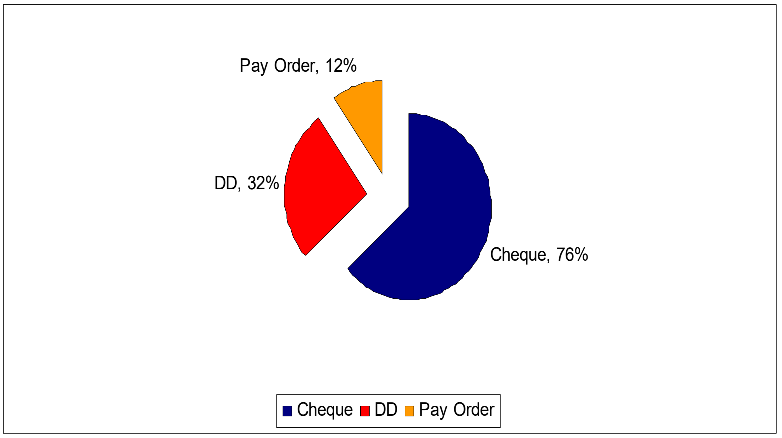
DD	22	22
Cheque	66	66
Total	100	100



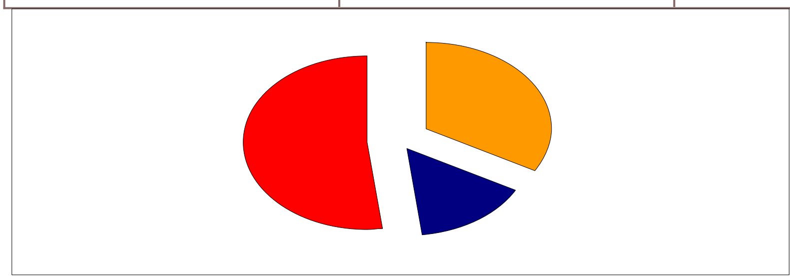
Analysis:

12% Response in pay order, 32% like DD, and 76 % costumer want from cheque mode.

Question 5

Which kind of transaction do you formulate ?

Response	No. of respondents	%
Intercity	33	33
Outside city	15	15
Both	52	52
Total	100	100



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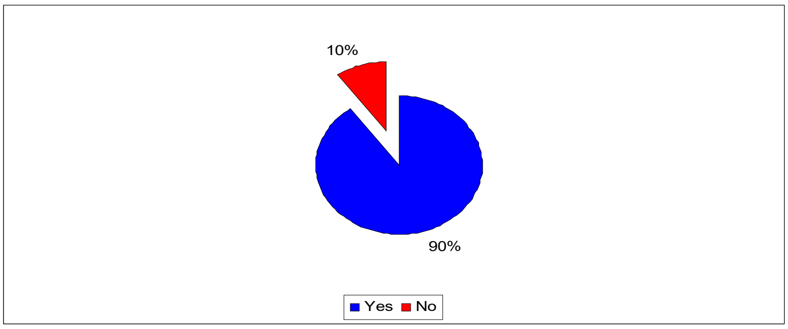
Analysis:

33% account holder transaction intercity, 52 % Both, and 15% outside city.

Question 6

Does your bank considers you in case of any issue ?

Response	No. of respondents	%
Yes	90	90
No	10	10
Total	100	100



Analysis: 90% say yes bank will assist you in case of any problem, only 10% say.

Question 7

In Which Bank?

Bank	*No. of respondents*	*%*
Kotak Mahindra	*3*	*3%*
HDFC	*28*	*28%*
Co-operative	*33*	*33%*
ICICI	*5*	*5%*
Nationalized	*31*	*31%*

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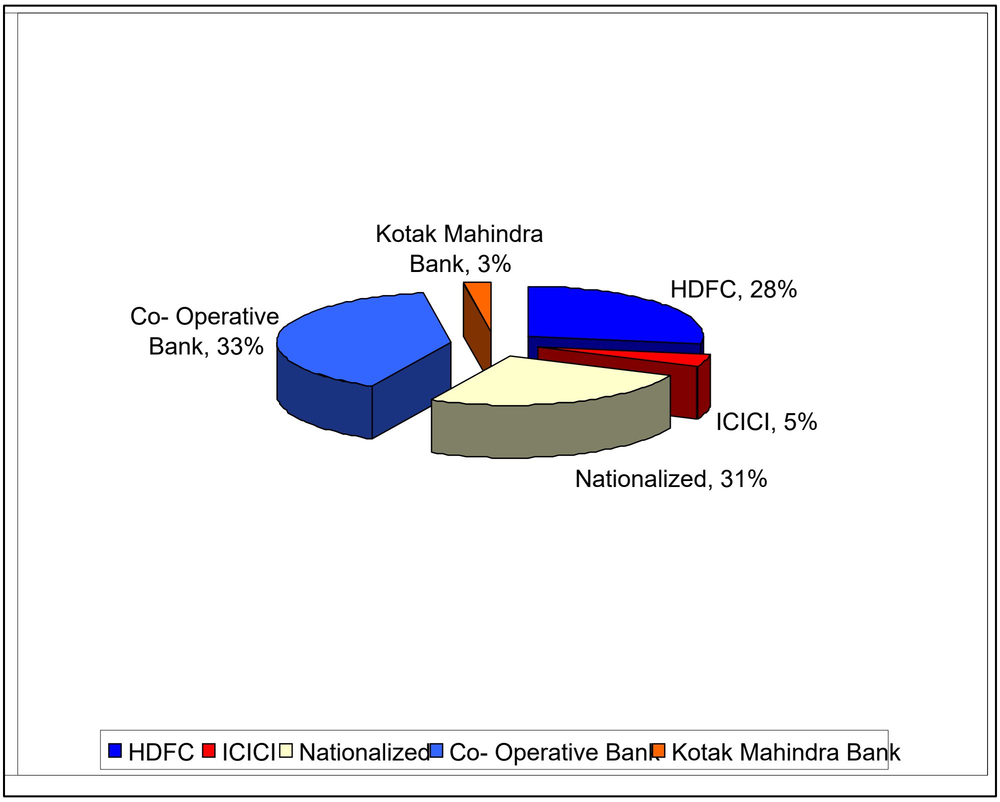

Analysis:

3% Kotak Mahindra, 33% Co-operative, 28%HDFC 5%, ICICI&31% Nationalized.

4.LIMITATIONS

Some of the limitations for this project include:-

1. Time constraint is the largest limitation faced during research projects.

2. Cluster analysis of the population could not be carried out owing to time and monetary constraints.

5.CONCLUSION

There has been a decline in sales during the financial year 2015-16.

Since there was a fall in the fixed amount turnover ratio, it means that these amounts were not used in a more efficient manner than the previous year.

6.SUGGESTIONS

SAVINGS AND CURRENT ACCOUNTS

The Savings and Current Accounts, which represent 30% to 40% of the total current accounts, need to be critically examined. The following two categories can be identified in relation to this situation – the production/operations categories, and the non-production/operations categories. No production-linked case can be considered for any other route, such as Debenture route, and each case will be considered individually.

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The Inventory needs to be checked from time to time in order to determine which goods are spoilt, dead or obsolete and should be thrown away until the 2015-16 levels are achieved.

It is recommended that an examination of the desired level be carried out taking into consideration the supplier distance, production period, transportation issues and supplier reliability.

Debtors

The experts can carry out an experiment in case they need it to find out what causes the problem. The degree of correction is very high at AXIS BANK LTD.

ACCOUNT CURRENT AND SAVINGS

The correction is 95 days for the period 2015 – 16 whereas, it is 50 days for 2014 – 15. This is likely to be associated with the nature of the product, the nature of the customer, consumer segment marketing strategies, distribution policies, among other things.

Creditors

Though it seems that days which record massive payments are favourable for the company, they entail many costs such as high interest costs on borrowing, poor credit standing, and the absence of quality suppliers.

Banks & Cash

The objective should be stated very carefully as it is the most explosive component within the present aggregate. Even though it sounds incredible, the aggregate sum of AXIS BANK LTD in 2015-16 was 4.4%, which was an improvement from 15.5% in 2014-15. This may lead to various problems with payments.

Ratios should be given special attention

The business should try to make improvements towards improving the current situation. The current ratio, quick ratio, and activity ratio were the ratios considered in this analysis for determining the company's current status. The status quo of the company is presented through these figures. The quick ratio has been decreasing since 2015-16. The working capital turnover has been declining rapidly. There has been a shift towards the negative side of this ratio as compared to the previous year. Debtors collection period of 359 days has been estimated for the exporters. This is an example of limitations within the process of collecting debts. The current ratio of 2015-16 is 1.02, which is less than the optimal ratio.

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REFERENCES (12 BOLD)

This heading is not assigned a number.

A reference list **MUST** be included using the following information as a guide. Only *cited* text references are included. Each reference is referred to in the text by a number enclosed in a square bracket (i.e., [3]). References **must be numbered and ordered according to where they are first mentioned in the paper,** NOT alphabetically.

Examples follow:

Journal Papers:

[1] M Ozaki, Y. Adachi, Y. Iwahori, and N. Ishii, Application of fuzzy theory to writer recognition of Chinese characters, *International Journal of Modelling and Simulation, 18(2),* 1998, 112-116. (10)

Note that the journal title, volume number and issue number are set in italics.

Books:

[2] R.E. Moore, *Interval analysis* (Englewood Cliffs, NJ: Prentice-Hall, 1966). (10)

[3] Note that the title of the book is in lower case letters and italicized. There is no comma following the title. Place of publication and publisher are given.

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Chapters in Books:

[4] P.O. Bishop, Neurophysiology of binocular vision, in J.Houseman (Ed.), *Handbook of physiology,* 4 (New York: Springer-Verlag, 1970) 342-366. (10)

[5] Note that the place of publication, publisher, and year of publication are enclosed in brackets. Editor of book is listed before book title.

Theses:

[6] D.S. Chan, *Theory and implementation of multidimensional discrete systems for signal processing*, doctoral diss., Massachusetts Institute of Technology, Cambridge, MA, 1978. (10)

[7] Note that thesis title is set in italics and the university that granted the degree is listed along with location information

Proceedings Papers:

[8] W.J. Book, Modelling design and control of flexible manipulator arms: A tutorial review, *Proc. 29th IEEE Conf. on Decision and Control*, San Francisco, CA, 1990, 500-506 (10)

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