

A STUDY OF CONSUMERS BEHAVIOUR FOR FINANCIAL SERVICES

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Abstract : Consumer behaviour research enables better understanding and forecasting not only of the subject of purchases but also of purchasing motives and purchasing frequency. The characteristics of financial services, standard of living of people in Mumbai, e-marketing, increasing competition, increasing educational ratio in Mumbai, etc are some of the factors that influence the buying behaviour of consumers in Mumbai for the financial services. The study of the consumer behaviour is of great importance in financial service industry to know the factors that influence the buying decision of the consumers and also to know how these consumers can be retained. Thus this paper attempts to study the factors influencing consumer behaviour for various financial services.

I. Introduction:

One of the present fundamental presumptions for the consumer behaviour research is the fact, that people often buy products not because of their main function but for their subjectively perceived value. Mumbai being the financial hub of India, there is a great demand and supply of financial services. There is a huge market of buyers and sellers of financial services in Mumbai. Financial buyers in Mumbai include ultimate consumers and institutional consumers. There are many big business houses and MNCs located in Mumbai which are institutional buyer of the financial products. Also there are almost big and small financial institution companies including banks, stock exchanges, insurance companies, investment banks etc. located in Mumbai.

1.1 Objectives of the study

- ✍ To study the investor's buying behaviour of financial services.
- ✍ To study the factors influencing the consumer buying behaviour of financial services in Mumbai.

1.2 Research Methodology

Primary data was collected through a small survey conducted in Mumbai. Sample size taken was 30 citizen of Mumbai. Non random sampling method was used to collect responses. Further, data analyses were presented using frequency and percentage table. Secondary data was collected from several reference books, journals, published and unpublished report, newspaper and websites.

II. Consumers Behaviour

The study of consumer behaviour is the study of how individuals make decisions to spend their available resources (time, Money, effort) on consumption related items. It includes the study of what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, and how often they use it. Following figure no. 1 shows the various factors that influences consumer behaviour.

Figure no. 1 Factor Influencing Consumer Behaviour

Economic Factor	Social and Personal Factor	Psychological Factor	Others
Price Income Distribution of Income Utility Economic Status of the country Current Market Condition	Opinion of friends and relatives Buying practices in the family Past Experiences of the company Culture Attitude of the society	Trust Belief Attitude Perception Taste Preferences Group Psychology	Technical know how ICT Government Decision Laws Several Legal Policies

III. Financial services

Paper focused on all types of financial services shown in table no. 2

Figure No. 2. Types of Financial Services

Banking Services	Investment	Insurance	Miscellaneous
Deposits Withdrawals Loans Advances Merchant Banking Venture Capital etc	Equity Market Commodity Market Derivatives Market Foreign Exchange Market Mutual Fund Fixed Deposits	Life Insurance General Insurance Motor Insurance Medical Insurance Fire Insurance Marine Insurance	Credit Card Debit Card Hire Purchase Lease Financing Forfeiting Underwriting Securitisation

IV. Mumbai: A financial Capital of India

A large part of the growth in Indian capital markets in terms of business and expansion is contributed by Mumbai. In the last five years, Indian financial sector has shown exceptional growth, drawing on the strengths of financial centres such as Mumbai. For instance, bank deposits in India during 2005-10 more than doubled from \$535 billion to \$1,339 billion and bank advances from \$250 billion to \$721 billion. There are nearly 5,000 companies listed in the Indian stock markets, making Mumbai as a capital market with largest number of listings. Stock market capitalization during 2005-10 rose nearly three times from \$553 billion in 2005 to \$1,631 billion in 2010 and stock market turnover from \$314 billion to \$801 billion. There are about 1,700 foreign institutional investors with their investment flows showing a sharp rise from \$9.5 billion in 2005 to about \$40 billion in 2010.

V. Factors Influencing Consumer Buying Behaviour for Financial Services

To study the factors influencing the buying behaviour of consumers in Mumbai in purchasing financial services a small sample survey was undertaken. Following are the tables formulated after data analysis.

Table No. 1: Data Analysis

Table No	Particulars	Frequency	Percent
1.1	Gender of the Respondents		
	Male	17	56.67
	Female	13	43.33
1.2	Age of the Respondents		
	20-29 years	7	23.33
	30-39 years	7	23.33
	40-49 years	10	33.33
	50-59 years	6	20.00

1.3	Monthly Household Income		
	Upto Rs. 25,000	1	3.33
	Rs.25,001 – Rs.50,000	6	20.00
	Rs. 50,001 – Rs.75,000	9	30.00
1.4	Education		
	High School (9 - 10)	4	13.33
	Graduation Completed	17	56.67
1.4	Occupation		
	Service	7	23.33
	Business	8	26.67
	Profession	7	23.33

Source: Primary Data

From the above table following interpretation is drawn:

- ∞ Out of total respondents 56.67 are male and 43.33 are female.
- ∞ Out of the respondents collected 23.33 percent falls between the age group of 20 to 29 years and 30 to 39 years whereas 33.33 percent falls between the age group of 40 to 49 years and 20 percent falls between 50 to 59 age group.
- ∞ About 3.33 percent respondents have monthly house hold income upto Rs. 25000 where as 50 per cent of the respondents has income between Rs. 25000 to 75000 whereas 23.33 percent of respondents have monthly income between Rs.75000 to 100,000 and 100,000 and above. Thus it is observed that low income group hardly opt for financial services and higher income group of people buy financial services.
- ∞ About 86.67 percent of the respondents were graduates or post graduates where as 13.33 percent respondents are undergraduates.
- ∞ About 23.33 percent of the respondents was either doing services or have undertaken profession and 26.67 percent of them been business men, 20 percent were house wives and rest 6 percent were student.

Table No. 2 Distribution of Respondents Regarding Buying Decision in Financial

Source Consulted	No 1	No 2	No 3	Weight Score	Rating %	Rank
Yourself	9	9	12	57	31.67	2
Head of the Family	17	4	9	68	37.78	1
Joint decision of the family	4	17	9	55	30.56	3
Total	90	60	30	180	100.00	

Source: Primary Data

In the above table it was found that head of the family ranks first in taking decision while buying the financial products with 37.78 percent followed by self-decision with 31.67 percent and then followed by joint decision of the family with 30.56 percent

Table No. 3. Distribution of Respondents as per the People Consulted While Buying the Financial Product

Buying Decision	No 1	No 2	No 3	Weight Score	Rating %	Rank
Family and Relatives	19	6	3	72	38.92	1
Friends	5	10	12	47	25.41	2
Colleagues.	1	4	3	14	7.57	4
Customer	3	2	1	14	7.57	4
Self	4	9	8	38	20.54	3
Total	32	31	27	185	100.00	

From the above data it is found that family and relatives secured 1st rank with 38.92 percent, while 25.41 percent consult their friends. About 20.54 percent of the respondents take the decision on their own. Colleagues and customer of the companies secures 4th rank with 7.57 percent respectively. Thus it is found that while buying financial services respondents mostly rely on family and relatives.

Table No. 4.Sources of Collecting Information

Source	No 1	No 2	No 3	Weight Score	Rating %	Rank
Company	1	2	3	10	5.56	6
Friends	11	3	6	45	25.00	1
Relative	13	1	3	44	24.44	2
News paper	1	9	1	22	12.22	5
T.V	1	9	4	25	13.89	4
Internet	5	4	11	34	18.89	3
Total	32	28	27	180	100.00	

Source: Primary Data

From the above data it was found that 25 percent of the respondent collected information friends, 24.44 percent through internet and television secured 3rd and 4th rank with 18.89 percent and 13.89 percent respectively.

Table No. 5 Motivating Factors Affecting the Purchase of Financial Services

Motivating Factor	No 1	No 2	No 3	Weight Score	Rating %	Rank
Need Recognition	4	1	0	14	7.56	5
Personal Interest	2	3	3	15	8.24	4
Tax deduction Benefits	8	7	3	41	22.53	2
Profits/ returns	12	11	1	59	32.42	1
Money security	3	7	16	39	21.43	3
Investment	2	1	6	14	7.69	5
	31	30	29	182	100.00	

Source: Primary Data

From the above data it is found that there are several factors that motivate the consumers to buy the financial services i.e., need recognition, personal interest, tax deduction, returns, money security and investment. Out of these returns and profits are the most influencing factor securing 1st rank with 32.42 percent then follows tax benefits (22.53 percent), money security and followed by investments.

Table No. 6. Distribution as per Quality of Financial Services Expected from the Company

Quality	No 1	No 2	No 3	Weight Score	Rating %	Rank
Security	13	15	1	70	35.71	1
Return	14	10	0	62	31.63	2
Quick Services	1	2	27	34	17.35	3
Informative	3	2	1	14	7.14	5
Relationship management	2	4	2	16	8.16	4
Total	33	33	31	196	100.00	

Source: Primary Data

There are some basic qualities of financial services that are expected by the consumers while purchasing the financial product. To list some of them are security, returns, quick services, information and relationship management. To study the most expected services respondents were asked to rank them. It was found that the most expected services were security securing 35.71 percent. From the table no. 6 it was found that the respondents gets influenced by returns and profits whereas they rated security 1st rank as the expected services from the financial companies.

Table no. 7. Factors Involved in Selecting the Company while Buying the Financial Services

Factor	No 1	No 2	No 3	Weight Score	Rating %	Rank
Image of the Company	12	7	1	51	26.15	1
Location of the Office	2		1	7	3.59	8
Transparency	1	9	3	24	12.31	3
Past Experience	10	5	5	45	23.08	2
Existing Customer Opinion	1	2	4	11	5.64	6
Society Opinion (relatives or friends)	2	2	4	14	7.18	5
Reports of the Company	1	1	6	11	5.64	6
Media	2	4	8	22	11.28	4
Past Practices of the Family	1	2	3	10	5.13	7
Past Practices of the Family	32	32	35	95	100.00	

Source: Primary Data

From the above data it was found that though there are many factors that consumers consider before choosing financial company to buy the financial services i.e., image of the company, location of the office, transparency, past experience, existing customer opinion, society opinion, reports of the company, media and past practices of the family. Out of these factors image of the company secure first rank with 26.15 percent, followed by past experiences (23.08 percent), transparency of the company (12.31 percent), media (11.28 percent) and society opinion (7.18), reports of the company (5.64 percent), past practices of the family (5.13 percent) and location of the office was least influencing factor with 3.59 percent while choosing the company to buy financial services.

I. Conclusion

From the research it was found that consumers' behaviour of financial services in Mumbai is very volatile in nature. Though they consult their friends and relatives for the financial services but while choosing the company they choose the company who share a good image in the market. Further, though they prefer returns as the core service of the product but they expect company to give security for their money. Thus it can be concluded from the research that consumer behaviour in the Mumbai is not stable and uniform in buying financial services. May be due to lack of information of the company and lack of trust on financial services offered by these companies consumers relies on friends and relatives in buying the financial services.

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