

## OPEN ACCESS

Volume: 12

Special Issue: 2

Month: July

Year: 2024

P-ISSN: 2321-788X

E-ISSN: 2582-0397

Received: 20.06.2024

Accepted: 18.07.2024

Published: 30.07.2024

## Citation:

Lakshmi, J., & Benisha, V. (2024). A Study on “Lending Strategies and Technological Advancements of Financial Sector” with Special Reference to Kanyakumari District Central Cooperative Bank Limited. *Shanlax International Journal of Arts, Science and Humanities*, 12(S2), 24–31.

## DOI:

<https://doi.org/10.34293/sijash.v12iS2-July.7980>



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

# A Study on “Lending Strategies and Technological Advancements of Financial Sector” with Special Reference to Kanyakumari District Central Cooperative Bank Limited

**Mrs. J. Lakshmi, MBA, M.Phil.,**

*Assistance Professor, Rohini College of Engineering Technology  
Kanyakumari, Palkulam, K. K. District, Tamil Nadu, India*

**Mrs. V. Benisha, MBA.,**

*Rohini College of Engineering Technology  
Kanyakumari, Palkulam, K. K. District, Tamil Nadu, India*

## Abstract

*Banking is essential for the economy because it makes money easier to move and makes economic activity possible. The primary functions of a bank include taking deposits, making loans, assisting with transactions, and providing a range of financial goods, such as credit cards, loans and savings accounts. Here, the lending strategies adopted and the different technologies used by the bank for the growth of the bank and for the welfare of the people. The different lending policies adopted by the bank makes the people to take more loan. The main purpose of this study is to evaluate the degree of technologies used in lending, the internet banking services and its impacts on customer engagement and to know about the innovative strategies used by the bank. The research methodology used here is descriptive analysis. The data is collected by preparing questionnaire and convenience sampling method is used. 120 responses had taken for the analysis and the tools used for the analysis were percentage analysis, one way ANOVA and correlation. Finally the analysis help to find out to give some more innovative strategies and few more technological innovation in the lending process to complete the loan process faster. Some more updations were made in the online banking services to make it more easier for the people and get to know more about their account activities in an easier way.*

**Keywords:** Lending Policies, Technologies, Internet Banking Services, Innovative Strategies Updations.

## Introduction Banking

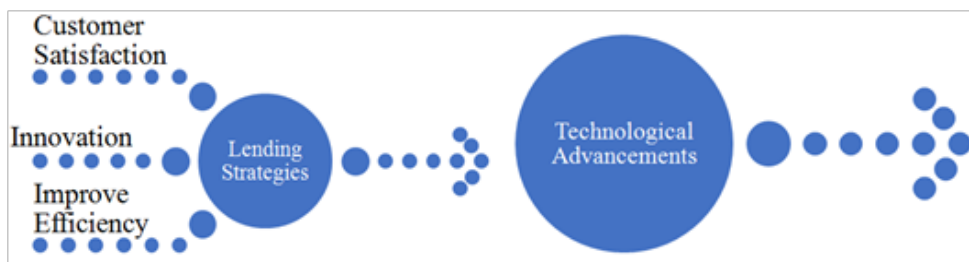
Because banking facilitates the movement of money and allows for economic activity, it is vital to the economy. Banking is the network of financial organizations, such as credit unions and banks, that provide a variety of financial services to individuals, businesses, and governmental entities. A bank’s main duties include receiving deposits, disbursing loans, helping with transactions, and offering a variety of financial products such savings accounts, credit cards,

and loans. A financial entity with the authority to grant loans and accept deposits for savings and checking accounts is called a bank. Furthermore, banks provide associated services such as individual retirement accounts (IRAs), safe deposit boxes, Certificates of Deposit (CDs), and currency exchange. Commercial or corporate banks, retail banks, and Among the various types of banks are investment banks.

### Functions of Banks

- **Accepting Deposits:** Banks offer a secure environment for people and companies to store their money, which can then be taken out as needed.
- **Lending:** Banks provide loans to people and companies for a range of uses, including personal loans, company growth, and house mortgages.
- **Payments and Settlements:** To make transactions easier, banks accept electronic transfers, debit/credit cards, checks, and other forms of payment.
- **Currency Exchange:** A number of banks enable their clients to purchase, sell, or exchange currencies through their foreign exchange services.
- **Valuables Storage:** A few banks allow their clients to store documents and valuables in safe deposit boxes.
- **Investment Services:** Banks also provide investment products including stocks, bonds, and mutual funds to help customers grow their money.
- **Internet Banking Services:** Banks offer online and mobile banking services, making it convenient for customers to access their accounts, pay bills, and transfer funds

### Framework



### Lending Strategies

Lending strategies are the systematic processes and methodologies that financial institutions and lenders employ to make loans, manage credit risk, and achieve financial objectives. These tactics include assessing borrowers' creditworthiness, designing lending terms, diversifying loan portfolios, determining interest rates, and continuously monitoring and managing loan performance. Effective lending methods seek to maximise earnings while reducing the risk of default and guaranteeing regulatory compliance.

### Industry Profile

The Cooperative Wholesale Trade established the bank in 1872 as its loan and depository; four years later, the bank changed its name to CWS Bank. Nevertheless, the bank did not register as a corporation until 1971, after the separation of banking and co-operative wholesale by the Co-operative Banking Act 1971 (c. xxii). The bank was allowed to print its own checks when it joined the London Settlement Banks Committee in 1975, becoming the first new member to do so in forty years.

## **In India**

The Industrial Revolution in England throughout the 18th and 19th centuries is credited with giving rise to the cooperative movement and its contemporary technical execution. During the financial crisis, Hermann Schulze and Friedrich Wilhelm Raiffeisen came up with the concept to provide small enterprises and underprivileged socioeconomic groups with basic loans. This idea has been implemented in modern cooperative banks around the globe.

### **Pre-Independence Period (Before 1947)**

British India repeated this model and on the recommendation of Sir Frederick Nicholson (1899) and Sir Edward Law (1901) it was passed the Co-operative Credit Societies Act 1904 sought to deal with rural debt and the resulting with the problems of the conditions of farmers.

### **Company Profile**

#### **Primary Functions**

1. Mobilizing savings from the general public and safeguarding their money.
2. Providing financial assistance through loan schemes to achieve economic development to raise the livelihood of the people of Kanyakumari district with the collected funds.
3. Helping eligible beneficiaries to achieve economic development through credit schemes under various welfare schemes of the government (Disabled Loan, TOMCO, DAPSETCO and Agricultural Loan Interest Subsidy).
4. To act as a financing bank for all types of cooperative societies in the district.
5. NABARD, Central Government and State Government subsidized credit schemes to help reach people across the district directly and through affiliated societies.

### **Review of Literature**

Sahina.TK (2023) - India's cooperative credit system consists of two structures: Agricultural Short Term (ST) or Agricultural Production Credit and Long Term (LT) or Investment Credit for agricultural and associated sectors. It is advised that the interest rate be fixed so that both the consumer and the bank can benefit. This study concludes that the concept of a rural region has altered throughout time. This study investigates the significance of cooperative banks on rural development in India. Agriculture continues to be the most important instrument for rural development in the state and across the country. The central and state governments, as well as other non-governmental organisations, are trying to develop the country's rural areas. She suggests that banks set interest rates that benefit both customers and the bank. It has to provide some relief for payment delays. The bank is constantly striving to improve its client service in order to give a more enjoyable banking experience. The bank has implemented many programmes in its area of operation, which is rural.

Shraddha Rajeshkumar Sakariya (2023) - The survey includes many factors, including the duration of membership, the type of loan that is beneficial, satisfaction with the loan application process, factors that influence the choice of bank partnership, comfort with payment options, visibility of related costs and customer satisfaction. Service is covered. The study aims to consider the factors that influence people and companies in choosing a cooperative bank, the level of satisfaction and areas for improvement. This study is important for bank lending activities in Ahmedabad to fill a huge knowledge gap. The first data collection uses a structured questionnaire, and the chi-square test is used for statistical analysis. According to the survey, individuals are very satisfied with the loan application process at cooperative banks. In addition, cooperative banks stand out for offering flexible repayment plans, which allow borrowers to adapt their plans according to their financial situation.

## Research Methodology

A research methodology outlines the steps and methods for locating and evaluating pertinent material for a certain field of study. Scientists arrange their work using this method so they may use the tools of their choice to accomplish their goals. It includes every crucial component of research, such as the fundamental framework for the investigation and the protocols for collecting, evaluating, and creating data. These tips can aid in understanding research technique, but it's as critical to acknowledge the significance of selecting the appropriate strategy.

## Objectives of the Study

### Primary Objective

To study on lending strategies and technological advancements of financial sector with special reference to Kanyakumari District Central Cooperative Bank Limited.

### Secondary Objective

1. To evaluate the degree of technological integration in cooperative bank lending procedures.
2. To study the impact of internet banking services on customer engagement.
3. To study on innovative strategies for competitive advantage in bank.
4. To suggest suitable recommendations for enhancing the effectiveness of cooperative banks.

### Need of the Study

1. To identify and implement the emerging technologies that enhance the customer service and operational efficiency.
2. To study the impact of cooperative banks lending practices on local economies particularly in rural areas.

## Sampling Methods

The practice of selecting certain people or a subset of the population to estimate the characteristics of the full population and derive statistical inferences from them is known as sampling. To get useful insights without investigating the entire population, researchers in the field of research often use a variety of sampling approaches.

## Statistical Tools used for Analysis

- Percentage Analysis
- Correlation Analysis
- One way ANOVA
- Chi-Square test

## Data Analysis and Interpretation

### Correlation Analysis

To find out the relationship between age group and technological infrastructure rating.

H0: There is no relationship between age group and technological infrastructure rating.

H1: There is a relationship between age group and technological infrastructure rating.

Significant level @ 0.05 level

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{[n \sum x^2 - (\sum x)^2][n \sum y^2 - (\sum y)^2]}}$$

Where,

$n$  = Number of pairs of scores

$\sum x$  = Sum of x scores

$\sum y$  = Sum of y scores

$\sum x y$  = Sum of the product of paired scores

$\sum x^2$  = Sum of the squared of x scores

$\sum y^2$  = Sum of the squared of y scores

**Table Showing Correlation between Age and Technological Infrastructure Rating**

Correlations			
		Age	Technological infrastructure rating
Age	Pearson Correlation	1	.200*
	Sig. (2-tailed)		.028
	N	120	120
Technological infrastructure rating	Pearson Correlation	.200*	1
	Sig. (2-tailed)	.028	
	N	120	120

\*. Correlation is significant at the 0.05 level (2-tailed).

### Interpretation

$P 0.200 > 0.05$  Level

$H_0$  accepted,

Age group and technical infrastructure rating have a correlation coefficient of 0.20%, meaning that 20% of the time there is no link at all between the two.

### One Way ANOVA Analysis

$H_0$ : Age has no impact on online banking activities, account activities, technical problems, convenience, or the ability to migrate to a better account if necessary. (Internet banking elements affecting client engagement)

$H_1$ : The age and account activity, technological problems, convenience, and switching to a different bank all varied significantly. (Internet banking elements affecting client engagement)

@ 0.05%

$$y_i = \mu + a_i + e_i$$

Where,

$Y_i$  = Random variable

$\mu$  = General mean effect

### ANOVA Table

**Table Showing the Analysis between Age and Impact of Internet Banking Services on Customer Engagement**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Use internet banking more frequently than visiting the bank	Between Groups	3.895	3	1.298	1.552	.205
	Within Groups	97.030	116	.836		
	Total	100.925	119			

Internet banking stay informed about account activities?	Between Groups	7.904	3	2.635	2.424	.069
	Within Groups	126.087	116	1.087		
	Total	133.992	119			
Experienced technical issues in internet banking	Between Groups	7.339	3	2.446	2.262	.085
	Within Groups	125.452	116	1.081		
	Total	132.792	119			
Internet banking is more convenient than the traditional banking	Between Groups	10.848	3	3.616	3.597	.016
	Within Groups	116.619	116	1.005		
	Total	127.467	119			
Switch to another bank if it offers better internet banking services	Between Groups	8.904	3	2.968	3.766	.013
	Within Groups	91.421	116	.788		
	Total	100.325	119			

### Interpretation

1) The F value 1.552 which is significant at 0.205, which is more than 0.05. The null hypothesis is accepted, thus it concluded as there is no significant difference between the age and internet banking, account activities, technical issues .

From above Table, for these factors F value is more than 0.05%.

So, accept H0

H0: Age and account activities, technical problems, or online banking (factors for internet banking on consumer involvement) do not significantly differ from one another.

2) Additionally, the F value is 3.597, which is less than 0.05 at 0.016, meaning it is not significant. Since there is a considerable difference between the age and convenient, it is decided that switching to a different hypothesis would be preferable. The null hypothesis is rejected. From above Table, for these factors F value is less than 0.05%.

So, accept H1

H1: There's a big difference between convenience and age; if one is better, go with it. (Internet banking elements affecting client engagement).

### Chi- Square Test

**Table Showing the Relationship between Meeting the Needs and Recommendation**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	43.190a	16	.000
Likelihood Ratio	27.198	16	.039
Linear-by-Linear Association	10.188	1	.001
N of Valid Cases	120		

Formula,

$$chi - square\ test = \frac{\sum(O - E)^2}{E}$$

O - Observed frequencies,

E - Expected frequencies

For the entire chi square test, the table value has been taken at 1% level significance.

## Interpretation

Since, the significance value is less than 0.01 the null hypothesis is rejected at 1% level of significance. So, H1 is accepted. Therefore, there is a significance difference between meeting the needs and recommendation.

## Suggestions

More loans will be taken by the customers of the bank if they implement correct interest rate. Technological infrastructure quality may get improved to increase the growth of bank. Implement innovative services to retain these customers and give them the tactics for financial investments. The technological integration in the bank is low so take efforts to increase the technological growth. The communication should also have enhanced through emails and messages and for tracking loan application certain website must be implemented. Innovate new ideas for giving loan through online and submitting the documents digitally, it helps to speed up the process and saves time. Increase the number of ATM's and implement cordless transactions in case of any urgency. Adding new features in app and provide proper updates to reduce the dissatisfaction while using app for online banking.

## Conclusion

As the cooperative bank is under the guidance of government, the bank should satisfy maximum needs of the people through their strategies. The profit amount should be properly used by the bank's association to provide better technological infrastructure to retain the customers and also increase the growth of the bank. The advancements in technology also comes with many challenges including limitation in technological infrastructure, customer demographics and security concerns. The bank should analyse the conditions and make proper decisions. Thus the cooperative bank can leverage technology to enhance the services, remain competitive and do better service the people.

## References

1. TK, Sahina, and D. Saravanan. "A Study on Role of Cooperative Bank in Rural Development with Special Reference to Koorkenchery Service Co. Operative Bank Ltd Thrissur, Kerala." *IJCSPUB-International Journal of Current Scienc (IJCSPUB)* 13.2 (2023): 971-980. <https://rjpn.org/ijcspub/papers/IJCSP23B1119.pdf>.
2. Sakariya, Shraddha Rajeshkumar, and Twinkle Trivedi. "Study on Cooperative Bank Lending Practices in Ahmedabad." *Advancement in Management and Technology (AMT)* 4.3 (2024): 25-30. <https://ejournal.lincolnrpl.org/index.php/ajmt/article/view/149>.
3. Tushar Chandar Mhatre. "An Analytical Study On Customer's Perception Towards Lending Practices Of Co-Operative Banks In The Mumbai Region" <https://www.ijfans.org/uploads/paper/e0d53888e5c8a4f462ce645d8208c311.pdf>.
4. Gondchar, Parikshit Dilip, Mukul A. Burghate, and Kartik Uttarwar. "Customer's Perception Towards Lending Practices of Wardha Nagari Sahakari Adhikosh (Bank) Maryadit with Special Reference to Wardha District." <https://ijcams.com/wp-content/uploads/2023/03/15.-Parikshit-Gondchar-Research-Paper-NEP-2020.pdf>.
5. Millan, Elizabeth Nabwire, Charles Guandaru Kamau, and Mary Peninah Idua. "Effect of Mobile Banking Technology on Loan Performance of Deposit Taking Savings and Credit Cooperative Organisations in Mombasa County, Kenya." *Universal Journal of Accounting and Finance* 11.3 (2023): 53-62. <https://www.researchgate.net/publication/371178262>
6. Murugun, D. "Technology Adoption in Indian Banking Sectors–2023." *East Asian Journal of Multidisciplinary Research* 2.2 (2023): 569-580. <https://journal.formosapublisher.org/index.php/eajmr/article/view/2524>.



7. Gaurav Mishra and Pawani Raj Niranjana. "A Study on Financial and Technological Innovations in the Financial Sector". <https://ijarsct.co.in/Paper13323.pdf>.
8. Bhua, Gopala, and Shyama Charan Acharya. "The Role of Cooperative Banks in Priority Sector Lending: A Case Study of Balangir District Central Cooperative Bank Ltd Odissa State." [https://www.academia.edu/download/112416071/MY\\_ARTICLES\\_PUBLICATION\\_09.04.2021.pdf](https://www.academia.edu/download/112416071/MY_ARTICLES_PUBLICATION_09.04.2021.pdf).
9. Pawar, Shatakshi. "To study on co-operative bank with special reference to lending practices in Surat region". <https://www.jetir.org/papers/JETIR2004169.pdf>.
10. Kumar, Mukesh. "A Study on Cooperative Banks in Himachal Pradesh with Special References to Lending Practices." (2018). <https://ijrar.org/papers/IJRAR19J1218.pdf>.
11. Kaur, Bikramjit, and Manoj Bhambu. "A Study of Punjab State Cooperative Bank Chandigarh with Special Reference to Lending Practices." Available at SSRN 3385158 (2016). [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3385158](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3385158).
12. Vetrivel, K. "Agricultural Loan and Co-Operative Bank in Pudukkottai District of Tamil Nadu." *International Journal of Management (IJM)* 10.2 (2019). <https://www.researchgate.net/publication/372077317>.
13. Banu, Yasmeen, and Varun Kumar. "To Study the Lending Practices of Cooperative Banks in India." <https://www.academia.edu/download/95383777/IJ18M0228.pdf>.
14. Saheelahmed A Muzawar. "A study on Changing Trends in Lending Practices with special reference to Cooperative Banks" <https://www.ijcrt.org/papers/IJCRT1892480.pdf>.
15. Gaba, Supreet. "To Study the Pattern of Lending Practices in Urban Cooperative Banks in Delhi" <https://ijcrt.org/papers/IJCRT1704004.pdf>.
16. Dhaigude, Rahul. "The progress of Indian Banking Sector." (2018). <http://www.ijeast.com/papers/10-13,Tesma203,IJEAST.pdf>.
17. Selvaraj, N. "Lending Policies of Dindigul District Central Co-Operative Bank Limited in Tamilnadu, India - A View." [https://indusedu.org/pdfs/IJRMEC/IJRMEC\\_417\\_26046.pdf](https://indusedu.org/pdfs/IJRMEC/IJRMEC_417_26046.pdf).
18. Barki, Gururaj. "A study on cooperative banks in Haveri district with special reference to lending practices." *Journal of Exclusive Management Science* 4.10 (2015): 1-10. [https://www.researchgate.net/profile/Gururaj-Barki/publication/353600593\\_](https://www.researchgate.net/profile/Gururaj-Barki/publication/353600593_).
19. Sabharwal, Munish. "The use of Artificial Intelligence (AI) based technological applications by Indian Banks." *International Journal of Artificial Intelligence and Agent Technology* 2.1 (2014): 1-5. <https://www.academia.edu/download/46393739/Printed-RP-12.pdf>.
20. Malik, Seema. "Technological innovations in Indian banking sector: changed face of banking." *International Journal* 2.6 (2014): 45. <https://www.academia.edu/download/34193766/V2I6-0062.pdf>.
21. Soyeliya, Usha L. "A study on Co-operative Banks in India." *International Journal of Research in Humanities and Social Sciences* 1.7 (2013): 26-30. [https://www.raijmr.com/ijrhs/wp-content/uploads/2017/11/IJRHS\\_2013\\_vol01\\_issue\\_07\\_06.pdf](https://www.raijmr.com/ijrhs/wp-content/uploads/2017/11/IJRHS_2013_vol01_issue_07_06.pdf).
22. Agrawal, Sunita, and Ankit Jain. "Technological advancement in banking sector in india: challenges ahead." *National Monthly Refereed Journal of Research in Commerce and Management* 2.1 (2013). <https://www.researchgate.net/publication/373951994>.
23. Lacmanovic, Dejan, Izabela Lacmanovic, and Branko Markoski. "Mobile Banking-financial services technology." 2012 Proceedings of the 35th International Convention MIPRO. IEEE, 2012. <https://www.researchgate.net/publication/261424867>.
24. Gupta, Jyoti, and Suman Jain. "A study on Cooperative Banks in India with special reference to Lending Practices." *International Journal of Scientific and Research Publications* 2.10 (2012): 1-6. <https://www.academia.edu/download/39020526/MBIS.pdf>.
25. Olokoyo, Felicia Omowunmi. "Determinants of commercial banks' lending behavior in Nigeria." *International journal of financial research* 2.2 (2011): 61. <https://core.ac.uk/download/pdf/12356256.pdf>.