

## STUDY THE BEHAVIOUR OF CUSTOMERS WITH REFERENCE TO ACQUIRING AND REPAYMENT OF PERSONAL FINANCE

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### ABSTRACT:

Personal finance is the process of planning and managing personal financial activities such as income generation, spending, saving, investing, and protection. The process of managing one's personal finances can be summarized in a budget or financial plan. This guide will analyse the most common and important aspects of individual financial management. To study the awareness level about personal finance. To find out the level of awareness towards banking behaviour of people. To study the awareness level about personal finance. To examine the awareness and retirement plan prediction by old age people. To make people aware about personal finance investing option. To analyse the satisfaction of retirement plans. Sampling technique such as random sampling and stratified sampling has adopted in this study and about 135 samples have been collected for the study. Statistical tools used for this data collection are Simple Percentage analysis, Chi-square and correlation. Primary data is the data collected from the respondent for the first time. For the purpose of collection of primary data, a well-structured questionnaire was framed based on objectives. The secondary data relating to the study were collected from books, journals, research articles, magazines, reports, newspaper and websites. Areas of personal finance includes the factors such as income, spending, saving, investing and protection.

### Key words:

Personal Finance awareness, Banking service awareness, Investment options available, Insurance availability and satisfactions, Retirement plans.

### Introduction

Personal financial planning generally involves analysing an individual's or a family's current

financial position, predicting needs and executing a plan to fulfil those needs. Personal finance includes the purchasing of financial products such as banking, credit cards, insurance, mortgages, and various types of investments. Personal finance is the process of planning and managing personal financial activities such as income generation,

spending, saving, investing, and protection. The process of managing one's personal finances can be summarized in a budget or financial plan. This guide will analyse the most common and important aspects of individual financial management. Good financial management comes down to having a solid plan and sticking to it. All of the above areas of personal finance can be wrapped into a budget or a formal financial plan. These plans are commonly prepared by personal bankers and investment advisors who work with their clients to understand their needs and goals and develop an appropriate course of action. The main components of personal finance process include assessment, goals, plan development, execution and monitoring reassessment.

### Statement of the Problem

Month after month, many individuals look at their bank and credit card statements and are surprised that they spent more than they thought they did. To avoid this problem, one simple method of accounting for income and expenditures is to have personal financial statements. Just like the ones used by corporations, financial statements provide you with an indication of your financial condition and can help with budget planning. There are two types of personal financial statements. People often fallaciously believe that they do not need any financial planning as their income and expenses are regular. The households presume that their savings automatically accumulate in the bank and do not require any intervention to maximize financial gains. In spite of various researches, in the areas of banking, investment, insurance, retirement plans, it becomes all the more important to study and analyse the preference and level of investment towards various personal finance avenues available to the salaried people. The study also helps in

knowing the various investment avenues available in the market.

### Objectives of the Study:

- To understand the demographics characteristics of the respondents.
- To study the awareness level about personal finance.
- To analyse and interpret personal finance options available.
- To examine the awareness and retirement plan prediction by old age people

### Research Methodology

#### Research Methodology

The primary methods of data collection that is questionnaire technique was used to collect the data required. The number of Respondents include both male and female. Sampling techniques such as random sampling and stratified sampling has adopted in this study and under the probability sampling technique and about 135 samples have been collected for the study.

### Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The present study as made on descriptive research.

**Descriptive research** is used to describe the basic features of the data in the study. It can be used in multiple reasons. It is used to answer questions of who, what, when where and how associated with a particular research question or problem.

### Population & Sampling Size

Population size taken for the study is among the salaried class people investing in personal finance.

Data prepared were distributed among 150 people and 135 sample were collected for the final study.

### **Sampling techniques: -**

#### **Stratified sampling**

This sampling requires proper knowledge of the characteristics of the population. Stratified sampling also divides the population into groups.

#### **Random sampling**

Random sampling is a part of the sampling technique in which each sample has an equal probability of being chosen.

### **Methods of Data: -**

#### **Primary data**

Primary data is the data collected from the respondent for the first time. For the purpose of collection of primary data, a well-structured questionnaire was framed based on objectives.

#### **Secondary data**

The secondary data relating to the study were collected from books, journals, research articles, magazines, reports, newspaper and websites.

#### **Statistical Tools Used for Analysis**

- Simple Percentage analysis
- Chi-square
- Correlation

#### **Scope of the Study**

The study covers the people investment in personal finance and the awareness of people in personal finance such as banking, investment, insurance and retirement plans also the study can help the people to aware about various personal finance options available.

#### **Limitation of the Study**

- The researcher had the following limitations while conducting the study.
- The sample size was restricted to 135 due to time constraints.
- Change in rules, policies
- Uncertain future
- Time consuming and expensive process

#### **FINDINGS OF THE STUDY**

- ✓ 38.1% of the respondents are in the age group of above 56 years.
- ✓ 66.4% of the respondents are male.
- ✓ 82.1% of the respondents are married.
- ✓ 41.8% of the respondents are government employee.
- ✓ 44% of the respondents have completed UG degree.
- ✓ 78.4% of the respondents said that they belong to nuclear family.
- ✓ 97.8% of the respondents said that they are aware about personal finance.
- ✓ 33.6% of the respondents said that they are aware in investment.
- ✓ 98.5% of the respondents said that they have a bank account.
- ✓ 82.1% of the respondents said that they have saving account.
- ✓ 64.9% of the respondents said that ATM facilities for which they should give more important.
- ✓ 35.8% of the respondents said that personalised service as when think about bank comes to mind.
- ✓ 51.5% of the respondents said that good as the opinion about credit card.

- ✓ 99.3% of the respondents said that they are aware about investment.
- ✓ 40.3% of the respondents said that stock as they are aware in type of investment.
- ✓ 48.5% of the respondents are aware in moderate risk investment avenues.
- ✓ 57.5% of the respondents said that very important towards emergency funds.
- ✓ 58.2% of the respondents said that agree towards control of current financial situation.
- ✓ 49.3% of the respondents said that disagree towards emergency saving fund established to cover few months of expenses.
- ✓ 53% of the respondents said that disagree towards finances are significant source of worry.
- ✓ 35.8% of the respondents said that agree towards savings and investing are important.
- ✓ 52.2% of the respondents said that 500000 – 1000000 as their expectation to earn from investments.
- ✓ 46.3% of the respondents said that 5 years as the period plan to invest.
- ✓ 99.3% of the respondents said that they are aware about insurance.
- ✓ 49.3% of the respondents are aware in health kind of insurance.
- ✓ 64.2% of the respondents said that satisfactory towards returns in insurance.
- ✓ 47% of the respondents said that Roth type of individual retirement account plan as they have.
- ✓ 41% of the respondents said that 5 - 10% as they think for planning retirement contribution.

- ✓ There is no significant difference between age of the respondents and aware of personal finance.
- ✓ There is negative relationship between these occupations of the respondents and having type of individual retirement account (IRA) plan.

### Suggestions

- The type of personal finance must be customised and designed suitable to all sorts of customers.
- The financial institutions must be creating aware about the personal finance and its rate of interest to the customers.
- The retirement plans and its benefits must be announced to the customers since it will be useful to the old age people.
- The financial institutions must be feed education about the mortgage loan and its uses to them.
- The finance concerns must ensure to provide quality service in ATM facilities for the customers.
- They must issue certificate of deposits with all details regarding principal amount, rate of interest, deposit date, maturity date, maturity amount and etc.,
- The bank must have wide branch network and there must be computerised banking.
- The bank must ensure credit cards for needed customers. There should not be too rate of interest.
- The banks must feed education regarding Mutual Funds and benefits for the investors.
- They must create awareness about safe/low risk investment avenues and moderate risk investment avenues.

- They must ensure to provide emergency funds for the customers in order to attract number customers and retain them.
- The customers must control their current financial situation and they should have emergency funds in their hands for few months expenses.
- The customers have to know the aware of savings and investments and its benefits in their life.
- The customers must plan to invest in short term period and long-term period.
- The customers must have the knowledge about types of insurance and its benefits.
- They should invest in bank account and insurance in appropriate ratio.
- The insurance companies must convey the benefits of insurance in the old age to the investors.
- The customers should have aware about the tax benefits in insurance investments.
- The customers can invest in suitable insurance investments in order to have investment return.

## **Conclusion**

The demand for acquiring loans has been increasing in India due to the requirements of personal expenses and investments. A large amount of Indian population is the aware in retirement plans, insurance, income tax management and investments. The old age people should have the awareness about the insurance and its benefits. They should invest in Individual Retirement Account in order to obtain the benefit in their old age. It is important for the institutions educate the awareness about the insurance, banking and various retirement plans. The customers have urge to acquire the personal finance but they are lack in repayment of personal finance. The late fee and late rate of interest induce them to settle the repayment of loans within the stipulated time.